



中國服飾控股有限公司
CHINA OUTFITTERS HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

STOCK CODE: 1146



GLOBAL OFFERING

Sole Global Coordinator, Sole Bookrunner, Lead Manager and Sole Sponsor



IMPORTANT

If you are in any doubt about this prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant or other independent professional adviser.



CHINA OUTFITTERS HOLDINGS LIMITED

中國服飾控股有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

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| Number of Offer Shares under the Global Offering | : 931,800,000 Shares (including 151,800,000 Sale Shares by the Selling Shareholders and subject to the Over-allotment Option) |
| Number of Hong Kong Offer Shares | : 93,180,000 new Shares (subject to adjustment) |
| Number of International Offer Shares | : 838,620,000 Shares (including 151,800,000 Sale Shares by the Selling Shareholders and subject to adjustment and the Over-allotment Option) |
| Maximum Offer Price | : HK\$2.50 per Hong Kong Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund on final pricing) |
| Nominal value | : HK\$0.10 per Share |
| Stock code | : 1146 |

Sole Global Coordinator, Sole Bookrunner, Lead Manager and Sole Sponsor



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of the Companies" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance (Chapter 32, Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us (for ourselves and on behalf of the Selling Shareholders) on or before Friday, 24 June 2011 or such later date as may be agreed by the Sole Global Coordinator and us, but in any event no later than Tuesday, 28 June 2011. The Offer Price will not be more than HK\$2.50 per Hong Kong Offer Share and is currently expected to be not less than HK\$1.90 per Hong Kong Offer Share unless otherwise announced. Investors applying for the Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK\$2.50 for each Hong Kong Offer Share together with a brokerage of 1%, a SFC transaction levy of 0.003% and a Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK\$2.50.

The Sole Global Coordinator (for itself and on behalf of the Underwriters), with our consent, may reduce the indicative Offer Price range stated in this prospectus and/or the number of Offer Shares being offered pursuant to the Global Offering at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, a notice of the reduction of the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and such notice will also be available on our website at www.cohl.hk and www.cohl.com.hk and the website of the Stock Exchange at www.hkexnews.hk no later than the morning of the last day for lodging applications under the Hong Kong Public Offer. Upon issue of such a notice, the revised Offer Price range and/or number of Offer Shares will be final and conclusive and the Offer Price, if agreed by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us (for ourselves and on behalf of the Selling Shareholders) will be fixed within such revised Offer Price range. Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction of the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging application under the Hong Kong Public Offer. Such notice will also include confirmation or revisions, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of such notice so published, the number of Hong Kong Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us (for ourselves and on behalf of the Selling Shareholders), will not be set outside the Offer Price range as stated in this prospectus. For more details, please see the sections headed "Structure of the Global Offering" and "How to apply for Hong Kong Offer Shares" in this prospectus.

If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us (for ourselves and on behalf of the Selling Shareholders) on or before Tuesday, 28 June 2011, the Global Offering will not proceed and will lapse.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except that the Offer Shares may be offered, sold or delivered to QIBs in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another exemption from the registration requirements of the U.S. Securities Act. The Offer Shares are being sold outside the United States in offshore transactions in accordance with Rule 903 or 904 of Regulation S.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

Pursuant to certain provisions contained in the Hong Kong Underwriting Agreement, the Sole Global Coordinator, for itself and on behalf of the Hong Kong Underwriters, has the right in certain circumstances, subject to the sole opinion of the Sole Global Coordinator, to terminate the obligations of the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement at any time prior to 8:00 a.m. (Hong Kong time) on the day on which dealings in the Shares first commence on the Stock Exchange. Further details of the terms of such provisions are set out in the section headed "Underwriting" in this prospectus. It is important that you refer to that section for further details.

20 June 2011

EXPECTED TIMETABLE⁽¹⁾

Application lists of the Hong Kong
Public Offer open ⁽²⁾ 11:45 a.m. on Thursday, 23 June 2011

Latest time for lodging **WHITE**
and **YELLOW** Application Forms 12:00 noon on Thursday, 23 June 2011

Latest time for giving **electronic application**
instructions to HKSCC via CCASS ⁽³⁾ 12:00 noon on Thursday, 23 June 2011

Latest time to complete electronic applications under
HK eIPO White Form service through the designated
website www.hkeipo.hk ⁽⁴⁾ 11:30 a.m. on Thursday, 23 June 2011

Latest time to complete payment of **HK eIPO White Form**
applications by effecting internet banking transfer(s)
or PPS payment transfer(s) 12:00 noon on Thursday, 23 June 2011

Application lists of the Hong Kong Public Offer close . . . 12:00 noon on Thursday, 23 June 2011

Expected Price Determination Date ⁽⁵⁾ Friday, 24 June 2011

Announcement of

- the Offer Price;
 - the level of application under the Hong Kong Public Offer;
 - an indication of the level of interest in the International Placing; and
 - the basis of allocation of the Hong Kong Offer Shares
- to be published in the South China Morning Post (in English),
the Hong Kong Economic Times (in Chinese), on our Company's
websites at www.cohl.hk and www.cohl.com.hk ⁽⁶⁾ and the website
of the Stock Exchange at www.hkexnews.hk on or before Wednesday, 29 June 2011

Results of allocations in the Hong Kong Public Offer
(with successful applicants' identification document numbers,
where appropriate) to be available through a variety of channels
(see the section headed "How to Apply for Hong Kong
Offer Shares — Publication of Results") of this prospectus,
including at the website of our Company at www.cohl.hk and
www.cohl.com.hk, the website of the Stock Exchange
at www.hkexnews.hk and the website of Tricor Investor Services at
www.tricor.com.hk/ipo/result with a "search by ID" function, from . . . Wednesday, 29 June 2011

Despatch of Share certificates ⁽⁷⁾ & ⁽⁹⁾ or deposit of certificates of
the Offer Shares into CCASS in respect of wholly or partially
successful applications on or before Wednesday, 29 June 2011

Despatch of refund cheques ⁽⁸⁾ & ⁽⁹⁾ in respect of wholly or
partially unsuccessful applications (if applicable) on or before Wednesday, 29 June 2011

EXPECTED TIMETABLE⁽¹⁾

Despatch of **White Form e-Auto Refund** refund payment instructions in respect of wholly or partially unsuccessful applications under the Hong Kong Public Offer on or before. Wednesday, 29 June 2011

Dealings in Shares on the Stock Exchange to commence on Thursday, 30 June 2011

Notes:

- (1) All times refer to Hong Kong local time. Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure of the Global Offering” in this prospectus.
- (2) If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 23 June 2011, the application lists will not open on that day. Please refer to the section headed “How to Apply for Hong Kong Offer Shares — Effect of Bad Weather on the Opening of the Application Lists” in this prospectus. If the application lists do not open on Thursday, 23 June 2011, the dates mentioned in this section headed “Expected Timetable” may be affected. We will make a press announcement in such event.
- (3) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed “How to Apply for Hong Kong Offer Shares — Applying by Giving Electronic Application Instructions to HKSCC” in this prospectus.
- (4) You will not be permitted to submit your application through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (5) The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about Friday, 24 June 2011 and, in any event, not later than Tuesday, 28 June 2011. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriter) and us (for ourselves and on behalf of the Selling Shareholders) on or before Tuesday, 28 June 2011, the Global Offering (including the Hong Kong Public Offer) will not proceed and will lapse.
- (6) The website, and all of the information contained on the website, does not form part of this prospectus.
- (7) Share certificates are expected to be issued on Wednesday, 29 June 2011 but will only become valid certificates of title at 8:00 am on Thursday, 30 June 2011 provided that (i) the Global Offering has become unconditional in all respects and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. If the Global Offering does not become unconditional or either of the Underwriting Agreements is terminated in accordance with its terms, we will make an announcement as soon as possible.
- (8) Refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offer and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number in the Application Forms may lead to delay in encashment of or may invalidate the refund cheque.
- (9) Applicants who have applied on **WHITE** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offer and have indicated in their Application Forms that they wish to collect any refund cheques and Share certificates in person, may do so from our Share Registrar, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, between 9:00 a.m. to 1:00 p.m. on Wednesday, 29 June 2011. Applicants being individuals who opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations which opt for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporation stamped with the corporation’s chop. Both individuals and representatives of corporations must produce, at the time of collection, identification and (where applicable) documents acceptable to Tricor Investor Services Limited at the time of collection. Applicants who have

EXPECTED TIMETABLE⁽¹⁾

applied on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offer may collect their refund cheques, if any, in person but may not elect to collect their Share certificates which will be deposited into CCASS for the credit of their designated CCASS participants' stock accounts or CCASS investor participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants. Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares — Applying by giving electronic application instructions to HKSCC" in this prospectus for details. Uncollected Share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post at the applicants' own risk to the addresses specified in the relevant Application Forms. Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares — Despatch/Collection of Share Certificates/e-Auto Refund Payment Instructions/Refund Cheques" in this prospectus.

Particulars of the structure of the Global Offering, including the conditions thereto, are set out in the section headed "Structure of the Global Offering" in this prospectus.

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IMPORTANT NOTICE TO INVESTORS

We have issued this prospectus solely in connection with the Hong Kong Public Offer and the Hong Kong Offer Shares, and it does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offer. No person may use this prospectus for the purpose of, and it does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. We have taken no action to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, and we have taken no action to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, any of the Underwriters, any of their respective directors, agents, employees or advisers, or any other person or party involved in the Global Offering.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a fast-growing⁽¹⁾ apparel design, manufacturing, marketing and sales company in the PRC with a focus on menswear. We offer a wide range of men's casual wear, including smart casual wear, outdoor casual wear, leisure wear and accessories, under several recognised international brands targeted at consumers in the mid-to-high income bracket. We design, manufacture and sell products under the JEEP , SBPRC , Sideout  and Hallmark  brands under licence, with products under the JEEP and SBPRC brands generating the highest sales during the Track Record Period amongst our brand portfolio. We have acquired the right to use the London Fog **LONDON FOG** brand for apparel products within China and, in 2009, we launched our womenswear series to complement our menswear series under the London Fog brand. We also offer menswear under our self-developed brand Doright **DORIGHT** and are an authorised retailer of apparel products under the Koyo Jeans brand in China. According to a commissioned report by Euromonitor, JEEP and SBPRC ranked fifth and tenth, respectively, in terms of total retail sales in the middle-to-high end men's casual wear market in the PRC in 2010.

We sell our products through an extensive sales network comprising self-operated retail points and retail points operated by third-party retailers located in 227 cities across 31 provinces, autonomous regions and municipalities in China. As at 31 December 2010, our sales network included a total of 393 self-operated retail points, comprising mostly concession counters as well as consignment stores and self-operated stores, in major cities in the PRC, such as Beijing, Shanghai, Chengdu and Shenzhen and 493 retail points operated by third-party retailers, comprising concession counters and retail stores, in other cities in the PRC, such as Hohhot, Urumqi and Zhengzhou. We believe that our sales and retail model, with a balanced mix of retail points operated by ourselves and third-party retailers, has allowed us to grow rapidly and penetrate the vast PRC menswear market.

Note:

- (1) According to a commissioned report by Euromonitor, the market shares of JEEP and SBPRC in the middle-to-high end men's casual wear market in the PRC increased from 2.8% and 1.6% in 2009 to 3.8% and 1.9% in 2010, respectively. The combined market share of these two brands also increased from 4.4% to 5.7% from 2009 to 2010 in the same market segment. In addition, retail sales of products under the JEEP brand in the PRC increased from approximately RMB605.5 million in 2009 to RMB961.9 million in 2010 (taking into account retail sales generated by our self-operated retail points and retail points operated by our third-party retailers), representing a growth rate of approximately 58.9%. Retail sales of products under the SBPRC brand in the PRC also increased from approximately RMB355.0 million to RMB480.5 million (taking into account retail sales generated by our self-operated retail points and retail points operated by our third-party retailers), representing a growth rate of approximately 35.3%. Based on these growth rates, JEEP and SBPRC are the two fastest growing brands, in terms of retail sales, among the top ten brands in the middle-to-high end men's casual wear market in the PRC between 2009 and 2010.

SUMMARY

We seek to differentiate ourselves from our competitors by our range of menswear brands, each of which offers a distinct style, carries a unique philosophy and targets a specific customer group. We have strategically selected licensed brands with an established reputation that we believe appeal to men in the mid-to-high income bracket in China. The existing market recognition and goodwill carried by our licensed brands have enabled us to rapidly penetrate the men's smart casual wear, outdoor casual wear and leisure wear markets in the PRC.

We place great emphasis on the design and style of our products. We believe our design team possesses in-depth knowledge of the men's smart casual wear, outdoor casual wear and leisure wear market trends. We also believe our comprehensive range of products manifests the distinctive image of their respective brands and reflects the latest market trends.

We operate a supply chain model which seeks to minimise production costs by outsourcing most of our production. We believe that our outsourcing arrangement enables us to focus on our core strengths in brand selection, design and sales management, to minimise the need to invest in the establishment of large-scale production facilities and to avoid the cost of maintaining a labour force during off-peak production periods. We have our own production facilities in Dezhou, Shandong Province to manufacture mainly trousers, one of our key products.

We grew rapidly during the Track Record Period. Our revenue increased from approximately RMB505.9 million for the financial year ended 31 December 2008 to approximately RMB648.9 million for the financial year ended 31 December 2009, and to approximately RMB910.0 million for the financial year ended 31 December 2010, representing an increase of approximately 28.3% and 40.2%, respectively. Whilst we believe that the significant growth of our revenue over the Track Record Period reflects the increased market demand for men's smart casual wear, outdoor casual wear and leisure wear and the improving economic conditions in China, we consider, more importantly, that our strategy in selling products under multiple brands through a growing sales network greatly contributed to such growth. Our net profit also grew significantly from approximately RMB90.8 million in 2008 to approximately RMB148.3 million in 2009, and to RMB263.9 million in 2010, representing an increase of approximately 63.3% and 78.0%, respectively.

LICENSED BRANDS

We have entered into a licence agreement for each of the JEEP, SBPRC, Sideout and Hallmark brands in connection with our sale of products under those brands in China. Our in-house product design team designs our products for most of our brands, while we outsource the design of products under the SBPRC brand to third-party designers. During the Track Record Period, we did not work on an OEM basis for the respective licensors of any of these brands, and none of these licensors played a major role in our product design process. All relevant intellectual property rights under the relevant licence agreements have been licensed to our Group pursuant to and subject to the terms therein. Our history with each of the licensors and our licence rights under each of these brands are set out below. For further details on each brand in our portfolio, please refer to the section headed "Business — Brands" in this prospectus.

SUMMARY

JEEP

| | |
|------------------------|---|
| Licence rights | To design, manufacture and sell JEEP branded men's casual apparel (exclusive right) and accessories (non-exclusive right) in the PRC |
| Current term | From 1 February 2009 to 31 December 2015. We have an option to negotiate a renewal term subject to our full compliance with the terms of the licence agreement and taking into account the trading performance achieved by us |
| History with our Group | We obtained the licence to use the JEEP brand in the PRC in February 2002 and renewed the licence agreement in 2006 and 2010 |

SBPRC

| | |
|------------------------|---|
| Licence rights | To design, manufacture and sell SBPRC branded men's casual apparel (exclusive right) and accessories (non-exclusive right) in the PRC |
| Current term | From 1 March 2010 to 28 February 2015. We have an option to negotiate a renewal term subject to our full compliance with the terms of the licence agreement |
| History with our Group | We obtained the licence to use the SBPRC brand in the PRC in 2000 and renewed the licence agreement in 2004 and 2010 |

Sideout

| | |
|------------------------|---|
| Licence rights | To manufacture, promote, distribute and sell a range of sportswear, active wear, body wear and accessories under the Sideout brand on an exclusive basis in the PRC |
| Current term | From 1 January 2003 to 31 May 2013 |
| History with our Group | We obtained the licence to use the Sideout brand in the PRC in January 2003 |

Hallmark

| | |
|------------------------|---|
| Licence rights | To manufacture, promote, distribute and sell a range of men's and women's apparel, accessories and children's wear under the Hallmark brand on a non-exclusive basis in the PRC |
| Current term | From 1 May 2007 to 30 April 2012 |
| History with our Group | We acquired the licence to use the Hallmark brand in the PRC in May 2007 |

SUMMARY

OUR COMPETITIVE STRENGTHS

- Strong position to benefit from and capture opportunities from the fast-growing PRC men's casual wear market
- Proven ability to select, position and manage brands
- Strong product design capabilities and broad product offerings
- Efficient supply chain model
- Extensive sales network with strategic geographical coverage
- Experienced management team

OUR STRATEGIES

- Continuing to expand our sales network and geographical coverage of retail points
- Further strengthening our brand licensing and development strategies
- Expanding and diversifying our product offerings
- Enhancing our logistics and information system

RISK FACTORS

Risks Relating to Our Business

- We rely on licence agreements for the use of international brands in the design, manufacturing, marketing and sales of branded apparel;
- We are heavily dependent on the JEEP and SBPRC brands;
- Our endeavours to launch new brands or new product lines may not be successful;
- Our multi-brand strategy may not be successful;
- We or our third-party retailers may not be successful in securing prime locations for retail points inside department stores or shopping malls;
- If we are unable to predict or meet consumer preferences or fashion trends, our products may lose their appeal to customers;
- We rely on our third-party retailers for the sale of a large portion of our products;
- Our business may be negatively affected if our third-party retailers fail to comply with our retail policies or fail to follow our strategies;
- We rely on third-party manufacturers and suppliers for the production of a significant portion of our products and the supply of raw materials, respectively, and any interruptions in the operation of these manufacturers or suppliers may adversely affect our results of operations;
- Increase in cost of outsourced production, raw materials and labour in the PRC may adversely affect our business and our profitability;
- Failure to successfully promote the brands we carry may materially and adversely affect our business and results of operations;
- Our brand image, reputation and business may be negatively affected by actions of our third-party manufacturers and suppliers;
- We are subject to inventory risk;
- We may not be able to accurately monitor the inventory level of our third-party retailers;

SUMMARY

- We may be affected by infringement of our intellectual property rights or counterfeiting of our products;
- We may be involved in claims initiated by third parties alleging possible infringement of their intellectual property rights;
- We have experienced significant growth in the past, and we may not be able to maintain such growth in the future;
- We rely heavily on the proper function of our information systems, and any malfunction over extended periods could adversely affect our business;
- Our rights under our licence agreements are subject to various restrictions and limitations;
- We rely on third-party designers for the design of products under the SBPRC brand;
- Our ability to obtain additional financing may be limited, which could delay or prevent the completion of one or more of our strategies;
- Our ability to retain our senior management team and attract and retain additional management and other qualified personnel is important to our success;
- Historical financial performance should not be used as an indicator for our future financial performance;
- Prior dividend distributions are not an indication of our future dividend policy;
- Our business is susceptible to seasonal fluctuations and unexpected and abnormal changes in climate;
- We may be exposed to product liability claims;
- Our limited insurance coverage may not be sufficient to cover damages to our property and other risks related to our operations;
- We are subject to risks in relation to transportation and warehousing services;
- We may not be able to acquire land to construct additional warehouses to improve our warehousing capacity as planned;
- Some of the properties occupied or leased by us are subject to irregularities; and
- Our financial condition and results of operations may be adversely impacted by changes in the PRC laws and regulations on sales tax.

Risks Relating to Our Industry

- Fluctuations in consumer spending caused by changes in macroeconomic conditions in the PRC may significantly affect our business, financial condition, results of operations and prospects; and
- We operate in a very competitive market and face intense competition.

Risks Relating to the PRC

- PRC economic, political and social conditions, as well as government policies, could adversely affect our business;
- Government control in currency conversion and future movements in foreign exchange rates may adversely affect our financial condition, results of operations, and ability to remit dividends;
- We may be treated as a PRC tax resident enterprise under the EIT Law, which may subject us to PRC income taxes on our worldwide income;
- Dividends payable by us to our non-PRC investors and gains on the sale of our Shares may become subject to withholding taxes under PRC tax laws;

SUMMARY

- Our dividend income from our PRC subsidiaries may be subject to a higher rate of withholding tax than that is currently imposed on us;
- It may be difficult to effect service of process upon us or our Directors who reside in China or to enforce against them or us in China any judgments obtained from non-Chinese courts;
- Our Company is a holding company that relies heavily on dividend payments from our subsidiaries and the ability of our subsidiaries to pay dividends is restricted by PRC laws;
- We face uncertainty with respect to transfers of equity interests in PRC resident enterprises by their non-PRC holding companies;
- PRC regulations of direct investments and loans by offshore holding companies to PRC entities may delay or limit us from using the net proceeds from the Global Offering to make additional capital contributions or loans to our PRC subsidiaries;
- Interpretation of PRC laws and regulations involves uncertainty that could adversely affect our business and results of operations and the value of our Shares and limit the legal protections available to investors;
- Changes in existing laws and regulations or additional or stricter laws and regulations on environmental protection in China may cause us to incur additional capital expenditures; and
- Any recurrence of severe acute respiratory syndrome, or SARS, pandemic avian influenza or an increase in the severity of H1N1 flu (swine flu) or another widespread public health problem could materially and adversely affect our business and results of operations.

Risks Relating to the Global Offering

- There has been no prior public market for our Shares;
- The Controlling Shareholders may take actions that are not in, or may conflict with, public Shareholders' best interests;
- The liquidity and market prices of our Shares following the Global Offering may be volatile;
- Sales or anticipated future sales of substantial amounts of our Shares in the public market after the Global Offering could adversely affect the prevailing market price of the Shares;
- Certain facts, forecasts and other statistics with respect to China, China's economy and the menswear industry in this prospectus are derived from various government and official resources, government publications and other publications and may not be reliable;
- We are incorporated under Cayman Islands law and Cayman Islands law may not provide the same protection to minority shareholders as the laws of Hong Kong and other jurisdictions;
- Since the Offer Price of the Offer Shares is higher than the net tangible book value per Offer Share, you will experience immediate dilution;
- The exercise of options granted or to be granted under our Pre-IPO Share Option Scheme and Share Option Scheme may result in dilution to our Shareholders or may impact our future earnings; and
- You should read this entire prospectus carefully and we strongly caution you not to play any reliance on any information contained in press articles or other media regarding our Group and the Global Offering.

SUMMARY

SUMMARY FINANCIAL INFORMATION

You should read the summary historical combined financial information below in conjunction with Appendix I — “Accountants’ Report” which has been prepared in accordance with IFRSs. The summary historical combined income statements data and combined statements of cash flows data for the financial years ended 31 December 2008, 2009 and 2010 and the combined statements of financial position data as at 31 December 2008, 2009 and 2010 set forth below have been derived from the “Accountants’ Report” in Appendix I.

Combined Income Statements

| | Year ended 31 December | | |
|--|------------------------|--------------|--------------|
| | 2008 | 2009 | 2010 |
| | RMB million | RMB million | RMB million |
| Revenue | 505.9 | 648.9 | 910.0 |
| Cost of sales | (150.2) | (190.6) | (215.7) |
| Gross profit | 355.7 | 458.3 | 694.3 |
| Other income and gains, net | 10.2 | 14.4 | 15.2 |
| Selling and distribution costs | (198.6) | (230.1) | (284.8) |
| Administrative expenses | (46.9) | (40.7) | (43.4) |
| Other expenses | (2.0) | (3.3) | (11.8) |
| Operating profit | 118.4 | 198.6 | 369.5 |
| Finance income | 1.5 | 3.2 | 5.8 |
| Finance costs | (0.1) | — | — |
| Profit before tax | 119.8 | 201.8 | 375.3 |
| Income tax expense | (29.0) | (53.5) | (111.4) |
| Profit for the year | <u>90.8</u> | <u>148.3</u> | <u>263.9</u> |
| Profit attributable to: | | | |
| Owners of the Company | 80.5 | 150.2 | 262.6 |
| Non-controlling interests | 10.3 | (1.9) | 1.3 |
| | <u>90.8</u> | <u>148.3</u> | <u>263.9</u> |

SUMMARY

Combined Statements of Financial Position

| | As at 31 December | | |
|--|-------------------|--------------|--------------|
| | 2008 | 2009 | 2010 |
| | RMB million | RMB million | RMB million |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 68.1 | 74.8 | 82.4 |
| Prepaid land lease payments | 30.9 | 30.2 | 29.5 |
| Investment properties | 1.7 | 5.3 | 5.7 |
| Goodwill | 70.7 | 70.7 | 70.7 |
| Other intangible assets | 32.4 | 82.6 | 71.1 |
| Deferred tax assets | <u>5.1</u> | <u>16.7</u> | <u>23.3</u> |
| Total non-current assets | <u>208.9</u> | <u>280.3</u> | <u>282.7</u> |
| CURRENT ASSETS | | | |
| Inventories | 154.3 | 147.0 | 212.9 |
| Trade and bills receivables | 55.5 | 66.7 | 90.5 |
| Prepayments, deposits and other receivables | 26.8 | 33.8 | 46.4 |
| Pledged bank deposits | 8.4 | 14.7 | 14.8 |
| Cash and cash equivalents | <u>160.0</u> | <u>330.9</u> | <u>607.1</u> |
| Total current assets | <u>405.0</u> | <u>593.1</u> | <u>971.7</u> |
| CURRENT LIABILITIES | | | |
| Trade and bills payables | 24.4 | 28.2 | 49.5 |
| Deposits received, other payables and accruals | 54.8 | 73.2 | 150.1 |
| Amounts due to related parties | 211.5 | 177.7 | 146.3 |
| Tax payable | <u>70.0</u> | <u>119.4</u> | <u>164.7</u> |
| Total current liabilities | <u>360.7</u> | <u>398.5</u> | <u>510.6</u> |
| NET CURRENT ASSETS | <u>44.3</u> | <u>194.6</u> | <u>461.1</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | <u>253.2</u> | <u>474.9</u> | <u>743.8</u> |
| NON-CURRENT LIABILITY | | | |
| Deferred tax liabilities | <u>17.0</u> | <u>14.6</u> | <u>18.4</u> |
| Net assets | <u>236.2</u> | <u>460.3</u> | <u>725.4</u> |
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Issued capital | — | — | — |
| Reserves | <u>231.7</u> | <u>432.5</u> | <u>696.3</u> |
| | <u>231.7</u> | <u>432.5</u> | <u>696.3</u> |
| Non-controlling interests | <u>4.5</u> | <u>27.8</u> | <u>29.1</u> |
| Total equity | <u>236.2</u> | <u>460.3</u> | <u>725.4</u> |

SUMMARY

Combined Statements of Cash Flows

| | Year ended 31 December | | |
|--|------------------------|--------------|--------------|
| | 2008 | 2009 | 2010 |
| | RMB million | RMB million | RMB million |
| Net cash flows from operating activities | 155.3 | 229.1 | 310.8 |
| Net cash flows from/(used in) investing activities . . . | (193.7) | (47.4) | 8.1 |
| Net cash flows from/(used in) financing activities . . . | 172.0 | (27.8) | (31.4) |
| Net increase in cash | 133.6 | 153.9 | 287.5 |
| Effect of foreign exchange rate changes, net | 2.8 | 0.3 | 3.6 |
| Cash at the beginning of the year | 27.0 | 163.4 | 317.6 |
| Cash at the end of the year | <u>163.4</u> | <u>317.6</u> | <u>608.7</u> |

INVENTORY LEVEL

For the financial years ended 31 December 2008, 2009 and 2010, our average inventory turnover were 356 days, 289 days and 304 days, respectively, whilst the balance of our inventory as at 31 December 2008, 2009 and 2010 was RMB154.3 million, RMB147.0 million and RMB212.9 million, respectively, which accounted for approximately 38.1%, 24.8% and 21.9%, respectively, of our total current assets. We have relatively high inventory balances and relatively long inventory turnover days because (i) we are a fast-growing company and we maintain a higher level of inventory to ensure sufficient stock supply to our expanding sales network and we keep adequate level of stock at each self-operated retail point depending on the sizes and sales of the retail points; (ii) our sales model, under which a majority of our sales are made through our self-operated retail points, results in a higher level of inventory than that of our competitors which operate under a pure distributorship or franchise sales model, as a large portion of products not sold to consumers are recognised as our own inventory rather than that of the third party retailers or any other intermediary distributors; (iii) due to the seasonality of our business, we record the balance of our inventory at the end of each year when we generally have a higher level of inventory comprising fall/winter apparel products in anticipation of the sales peak during the Chinese New Year holiday season and for the early months of the following year, and our fall/winter apparel products generally have higher unit selling price than those of our spring/summer apparel products; (iv) the fashion trend of men's casual wear in the PRC changes relatively more slowly than those of womenswear and the designs of most of our men's casual wear products do not change drastically from year to year, allowing our products held in inventory for one collection to be marketed and sold even after the next product collection is launched; and (v) the nature of our business requires us to offer a broad range of product types, sizes and colour selections to consumers and thus we have to maintain a relatively higher inventory level to accommodate such product offerings. We believe we maintain our inventory balance at a healthy level as evidenced by our strong cash flow position and profit during the Track Record Period.

SUMMARY

The table below sets forth the aging analysis of the inventory as at 31 December 2008, 2009 and 2010:

| As at | Finished goods | | Raw materials | Work-in-progress | Total |
|------------------------|---------------------|-----------------|---------------------|---------------------|-------------|
| | Less than 1 year | 1 to 3 years | Less than 1 year | Less than 1 year | |
| | RMB million | RMB million | RMB million | RMB million | RMB million |
| 31 December 2008 . . . | 98.0 | 38.8 | 14.6 | 2.9 | 154.3 |
| 31 December 2009 . . . | 77.4 | 50.6 | 13.7 | 5.3 | 147.0 |
| 31 December 2010 . . . | 129.2 | 50.5 | 24.0 | 9.2 | 212.9 |

To minimise the risk of building up aged inventory, we carry out physical stock counts periodically. We categorise our retail points based on their profitability and targeted consumer groups and reallocate past-season products to certain retail points to sell at a discount. We also sell excess out-of-season inventory at a higher discount through our self-operated discount outlet retail points, promotional activities at our self-operated retail points and annual internal special offer sales. To reduce the level of our aged finished goods, we, from time to time, also offer discounts on our end-of-season or out-of-season stock through store anniversary sales or festival promotional sales as directed by department stores or shopping malls where our retail points are located. We closely monitor inventory levels and transaction patterns at each of our self-operated retail points, which provide us with information regarding consumer preferences and enable us to make timely assessments on market trends. We adjust our production plan of new items based on such information.

Our inventory provision policy is to state the inventory at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work-in-progress and finished goods, comprise direct material, direct labour and an appropriate portion of overheads. The net realisable value of inventories is based on their estimated selling prices less any estimated costs to be incurred for the disposal of inventory. For inventories under brands other than the JEEP brand, our management believes that (i) the net realisable value of such inventories within one year exceeds its stated cost and thus no provision is necessary and (ii) the net realisable value of inventories between one to three years is smaller than its stated cost and therefore such inventories are written down to their estimated net realisable values. For inventories under the JEEP brand, our management has decided to write down inventories between one and half years to three years to estimated net realisable values because they believe the JEEP brand is at a high growth stage and warrants a longer inventory write down period. Inventories over three years under all brands including JEEP are fully provided for. Such policy reflects our management's judgment, estimates, and past experience with market's responses to our off-season inventories, based on the brands and style of the products we offered, which are primarily casual menswear products that are relatively less susceptible to the frequent changing fashion trends. For the years ended 31 December 2008, 2009 and 2010, provision against inventories of RMB38.0 million, RMB40.5 million and RMB37.2 million was charged to the combined income statements of our Group, respectively.

SUMMARY

PROFIT FORECAST FOR THE SIX MONTHS ENDING 30 JUNE 2011

Our Directors believe that, in the absence of unforeseen circumstances and on the basis and assumptions as set out in “Appendix III — Profit Forecast,” our combined profit after taxation attributable to owners of our Company for the six months ending 30 June 2011 is unlikely to be less than RMB170.5 million (or equivalent to HK\$204.5 million using the exchange rate of HK\$1.00 to RMB0.8337, the prevailing rate quoted by the People’s Bank of China on 3 June 2011). The Directors are not currently aware of any items which have arisen or are likely to arise in respect of the six months ending 30 June 2011 that would affect the prospective financial information presented. On the basis of the prospective financial information and on the assumption that the Capitalisation Issue and the Global Offering had been completed since 1 January 2011 and a total of 3,726,750,000 Shares were issued and outstanding during the entire period (taking no account of any Shares which may be issued upon exercise of the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme), the forecast earnings per Share for the six months ending 30 June 2011 is unlikely to be less than RMB4.6 cents (or equivalent to HK5.5 cents).

In deriving the above profit forecast, we have also taken into account increased sales tax applicable to certain of our PRC Operating Subsidiaries since December 2010. Sales tax mainly include the urban maintenance and construction tax and the education surcharge, which are levied based on the turnover tax, such as the value-added tax and business tax. Three of our PRC Operating Subsidiaries, Shanghai Doright, London Fog Shanghai and Dezhou Sino-Union, as foreign-invested enterprises, were exempted from the urban maintenance and construction tax and the education surcharge before 1 December 2010. However, under the Circular of the State Council on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals (Guo Fa [2010] No.35)* (國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知國發[2010]35號) which came into effect from 1 December 2010, these three PRC Operating Subsidiaries are subject to the urban maintenance and construction tax and the education surcharge. The applicable tax rate of the urban maintenance and construction tax for Shanghai Doright, London Fog Shanghai and Dezhou Sino-Union is 1%, 1% and 7%, respectively. The applicable tax rate of education surcharge applicable to each of these three subsidiaries is 5%. As a result, the percentage of sales tax over total sales of our Group increased significantly from 0.2% for the year ended 31 December 2010 to 0.7% for the four months ended 30 April 2011. The sales tax for the profit forecast period (six months ending 30 June 2011) is forecasted with reference to the percentage of sales tax over total sales of our Group of 0.7% for the four months ended 30 April 2011 and sales tax of approximately RMB4.0 million is forecasted as a result of the change in the relevant PRC tax regulations for the profit forecast period. Therefore, the increase in sales tax is proportionately more than the expected increase in sales turnover projected for the same period.

We have undertaken to the Stock Exchange that our interim financial statements for the six months ending 30 June 2011 will be audited pursuant to Rule 11.18 of the Listing Rules.

The texts of letters from our reporting accountants and from the Sole Sponsor in respect of the profit forecast are set out in “Appendix III — Profit Forecast” to this prospectus.

SUMMARY

OFFER STATISTICS

| | Based on an Offer Price per Share of HK\$1.90 | Based on an Offer Price per Share of HK\$2.50 |
|---|---|---|
| Market capitalisation of the Shares ⁽¹⁾ | HK\$7,080.8 million | HK\$9,316.9 million |
| Prospective price/earnings multiple | 22.5 times | 29.6 times |
| Unaudited pro forma adjusted net tangible asset value per Share ⁽²⁾ | HK\$0.55 | HK\$0.67 |

Notes:

- (1) The calculation of market capitalisation is based on 3,726,750,000 Shares, assuming no exercise of the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme.
- (2) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to in “Appendix II — Unaudited Pro Forma Financial Information” to this prospectus and on the basis that 3,726,750,000 Shares are in issue following the Global Offering but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$1,615.6 million (assuming an Offer Price of HK\$2.20 per Share, being the mid-point of the indicative range of Offer Price), after deducting the underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering.

Our Directors intend to apply the net proceeds from the Global Offering for the following purposes:

- approximately HK\$484.7 million, representing approximately 30% of the net proceeds from the Global Offering, will be used for licensing or acquisition of additional recognised international brands to enhance our brand portfolio. We have not at present identified any particular international brand for licensing or acquisition and our Group will take into account the factors set out in the section headed “Business — Our Strategies — Further strengthening our brand licensing and development strategies” in this prospectus when considering expanding our brand portfolio in the future;
- approximately HK\$323.1 million, representing approximately 20% of the net proceeds from the Global Offering, will be used for the launch and development of (i) classic womenswear under the JEEP and London Fog brands to complement our existing menswear line under the JEEP and London Fog brands together with establishment of new retail points to carry such products and (ii) other product types, such as luggage, belts and shoes under our licensed brands or other new brands. We plan to perform analysis on our supply chain and sales strategies for the purposes of developing and launching womenswear products and other product types. We have commenced selling womenswear products for our London Fog brand. We have also commenced product designs for our women’s wear products based on the themes and style of our menswear products for the JEEP brand. We have introduced some of our

SUMMARY

womenswear and accessories products (such as belts and shoes) at a number of our self-operated retail points to test market acceptance of these products. We also plan to establish self-operated retail points that exclusively carry womenswear products under our existing brands;

- approximately HK\$242.3 million, representing approximately 15% of the net proceeds from the Global Offering, will be used for the expansion and enhancement of existing logistical system and the establishment of warehouses and logistics centres and the upgrade of our ERP and POS systems;
- approximately HK\$242.3 million, representing approximately 15% of the net proceeds from the Global Offering, will be used for the expansion and improvement of our sales network (including establishment of new self-operated retail points and refurbishment of our existing self-operated retail points) and other marketing and promotional activities. We plan to expand our sales network to a total of approximately 1,100 retail points by the end of 2011. Details of our sales network expansion plans are set out in the section headed “Business — Our Strategies — Continue to expand our sales network and geographical coverage of retail points” in this prospectus;
- approximately HK\$161.6 million, representing approximately 10% of the net proceeds from the Global Offering, part of which will be used to settle in full the outstanding amount of RMB124.8 million of an unsecured shareholder’s loan due to CEC Outfitters⁽¹⁾, which is interest-free and repayable on demand, and the remaining part of which will be used to enhance our production facilities. After such payment, the shareholder’s loan will be fully settled and repaid; and
- approximately HK\$161.6 million, representing approximately 10% of the net proceeds from the Global Offering, will be used as additional general working capital of our Group.

Note:

- (1) The proceeds of the shareholder’s loan due to CEC Outfitters was used partly to fund the acquisition by Sky Trend of a 31% equity interest in each of Shanghai Doright and Dezhou Sino-Union that was completed in 2008 and partly to fund listing expenses. Part of the balance of the shareholder’s loan was set off by dividends declared to CEC Outfitters by certain of our subsidiaries during the Track Record Period.

If the Offer Price is fixed at HK\$2.50 per Offer Share, being the highest price within the stated Offer Price range, the net proceeds will be increased by approximately HK\$225.8 million. If the Offer Price is fixed at HK\$1.90 per Offer Share, being the lowest price within the stated Offer Price range, the net proceeds will be reduced by approximately HK\$225.8 million. To the extent our net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis (other than the repayment of the loan to CEC Outfitters, which will not change).

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above, they will be placed in short term demand deposits with banks in Hong Kong or China and/or through money market instruments.

In the event of any change in our use of the net proceeds of the Global Offering from the purposes described above or in our allocation of the net proceeds for the above purposes, a formal announcement will be made.

SUMMARY

We will not receive any of the proceeds from the sale of Sale Shares by the Selling Shareholders in the Global Offering. The Selling Shareholders estimate that they will receive, in aggregate, net proceeds from the Global Offering of approximately HK\$316.1 million, after deducting the estimated underwriting commissions and expenses payable by them in the Global Offering and assuming an Offer Price of HK\$2.20 per Share, being the midpoint of the indicative range of the Offer Price set out in this prospectus.

DIVIDEND POLICY

The declaration of dividends is subject to the discretion of our Directors, and, if necessary, the approval of our Shareholders. The amount of dividends actually declared and paid will also depend upon our Group's earnings and cash flow, financial condition, capital requirements, investment requirements and any other conditions that our Directors may deem relevant. Any declaration and payment as well as the amount of dividends will also be subject to our Articles of Association and the Cayman Islands Companies Law. Our future declarations of dividends may or may not reflect our historical declarations of dividends.

Subject to the above factors, our Directors currently plan to pay dividends of approximately 30% of our distributable profit attributable to Shareholders of our Company for the financial year ending 31 December 2011. Such intention does not amount to any guarantee or representation or indication that we must or will declare and pay dividends in such manner or declare and pay any dividends at all.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings.

| | |
|---|---|
| “affiliate” | in relation to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person |
| “Application Form(s)” | WHITE, YELLOW and GREEN application form(s), or where the context so requires, any of them |
| “Articles of Association” or “Articles” | the articles of association of our Company adopted on 8 June 2011 and as amended from time to time, a summary of which is set out in Appendix V to this prospectus |
| “Beijing Bolderway” | 北京保德威服飾有限公司 (Beijing Bolderway Fashion Co., Ltd.*), a limited liability company established under the laws of the PRC on 28 November 2003 and an indirect wholly-owned subsidiary of our Company responsible for managing sales of our Group in North China |
| “Board” or “Board of Directors” | the board of Directors of our Company |
| “Business Day” | a day (other than a Saturday or a Sunday) on which banks in Hong Kong are open for normal banking business |
| “BVI” | the British Virgin Islands |
| “CAGR” | compound annual growth rate |
| “Capitalisation Issue” | the issue of Shares to be made by way of capitalisation of certain sums standing to the credit of the share premium account of our Company referred to in the section headed “Appendix VI — Statutory and General Information — Further information about our Company” in this prospectus |
| “Cayman Companies Law” | the Companies Law of the Cayman Islands, as amended from time to time |
| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC |
| “CCASS Clearing Participant” | a person admitted to participate in CCASS as a direct clearing participant or general clearing participant |
| “CCASS Custodian Participant” | a person admitted to participate in CCASS as a custodian participant |

DEFINITIONS

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|---|--|
| “CCASS Investor Participant” | a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation |
| “CCASS Participant” | CCASS Clearing Participant, CCASS Custodian Participant or CCASS Investor Participant |
| “CCC” | China Consumer Capital Fund L.P., one of the Investors, an investment fund managed by China Consumer Capital Partners Ltd. |
| “CEC Menswear BVI” | CEC Menswear Limited, one of the Controlling Shareholders and an investment holding company incorporated in the BVI with limited liability on 12 April 2006, the entire issued share capital of which is directly owned by China Enterprise Capital |
| “CEC Menswear BVI Note” | the secured promissory note in an aggregate principal amount of US\$4 million issued by CEC Outfitters to CEC Menswear BVI dated 16 June 2008, which was repaid in full on 23 June 2008 |
| “CEC Menswear BVI Warrant” | the warrant to subscribe for shares issued by CEC Outfitters to CEC Menswear BVI dated 16 June 2008, which was subsequently terminated on 23 June 2008 |
| “CEC Menswear HK” | CEC Menswear Limited, an investment holding company incorporated in Hong Kong with limited liability on 11 July 2006 and an indirect wholly-owned subsidiary of our Company |
| “CEC Outfitters” | CEC Outfitters Limited, an investment holding company incorporated in the BVI with limited liability on 18 April 2006, the immediate holding company and one of the Controlling Shareholders of our Company |
| “CEC Outfitters Share Purchase Agreement” | the share purchase agreement dated 22 October 2010 entered into between Mr. Chen, Vinglory, Mr. Zhang Yongli and the Investors (as amended by three amendment agreements dated 29 October 2010, 3 December 2010 and 29 December 2010, respectively, and supplemented by a wiring instruction dated 29 October 2010) in relation to the sale of a total of 8,794 shares in CEC Outfitters |

DEFINITIONS

| | |
|---------------------------------|--|
| “CEC Outfitters Share Transfer” | the transfer of 5,794 and 3,000 shares in CEC Outfitters by Mr. Chen and Vinglory, respectively, to the Investors as described in the section headed “Pre-IPO CEC Outfitters Share Transfer — Transfer of CEC Outfitters Shares by Mr. Chen and Vinglory to the Investors” in this prospectus |
| “China” or “PRC” | the People’s Republic of China excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan |
| “China Enterprise Capital” | China Enterprise Capital Limited, an investment holding company incorporated in the BVI and the holder of the entire issued share capital of CEC Menswear BVI |
| “Companies Ordinance” | the Companies Ordinance (Chapter 32, Laws of Hong Kong), as amended from time to time |
| “Company” or “our Company” | China Outfitters Holdings Limited, an exempted company incorporated in the Cayman Islands under the Cayman Islands Companies Law with limited liability on 7 March 2011 |
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Controlling Shareholders” | has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to (1) CEC Outfitters which will be entitled to the exercise of approximately 50.13% voting rights in general meetings of our Company immediately after the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised), (2) CEC Menswear BVI and Vinglory which, together, hold the entire issued capital of CEC Outfitters, (3) China Enterprise Capital which is the holder of the entire issued capital of CEC Menswear BVI and (4) Mr. Zhang Bruce Yongfu who is the holder of the entire issued capital of Vinglory |
| “Corporate Reorganisation” | the corporate reorganisation of our Group conducted in preparation for the Listing, details of which are set out in the section headed “Appendix VI — Statutory and General Information — Corporate Reorganisation” in this prospectus |
| “CSRC” | 中國證券監督管理委員會 (China Securities Regulatory Commission), a regulatory body responsible for the supervision and regulation of the Chinese national securities markets of the PRC |

DEFINITIONS

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|----------------------------|---|
| “Dezhou Sino-Union” | 德州中合服飾有限公司 (Dezhou Sino-Union Garment Co., Ltd.*), a wholly foreign-owned enterprise established under the laws of the PRC on 6 January 2005 and an indirect wholly-owned subsidiary of our Company responsible for managing manufacturing of our products |
| “Debenture” | a debenture dated 16 June 2008 created by CEC Outfitters, as chargor, in favour of Orchid I and Orchid II, as lenders, which has been released in full on 20 June 2008 |
| “Deed of Non-competition” | the deed of non-competition undertaking dated 14 June 2011 entered into between CEC Outfitters, CEC Menswear BVI, Vinglory and Mr. Zhang Bruce Yongfu in favour of our Company |
| “Deed of Release” | a deed of release dated 20 June 2008 entered into among Orchid I, Orchid II and CEC Menswear BVI, as chargees, CEC Outfitters and CEC Menswear BVI, as chargors, and Standard Bank Asia Limited under which the chargors’ obligations in relation to the Share Charge and the Debenture were released |
| “Director(s)” | the director(s) of our Company |
| “Doright Group Limited” | Doright Group Limited, an investment holding company incorporated in the BVI as a BVI Business Company on 30 October 2009 and a wholly-owned subsidiary of our Company |
| “ERP” | enterprise resource planning |
| “Equity Pledge Contract I” | an equity pledge contract dated 20 June 2008 entered into between CEC Menswear HK and Faith Enterprise, as pledgors, and Standard Bank Asia Limited, as pledgee, pursuant to which the pledgors agreed to grant a security interest in and lien over all of their respective interests in the registered capital of Dezhou Sino-Union in favour of the pledgee to secure the obligations under the Term Loan, the Orchid I Note and the Orchid II Note, which was released in full by the pledgees pursuant to a deed of release dated 28 April 2011 and registration of the release with the relevant PRC governmental authority has been completed on 7 June 2011 |

DEFINITIONS

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|------------------------------|--|
| “Equity Pledge Contract II” | an equity pledge contract dated 20 June 2008 entered into between CEC Menswear HK and Faith Enterprise, as pledgors, and Standard Bank Asia Limited, as pledgee, pursuant to which the pledgors agreed to grant a security interest in and lien over all of their respective interests in the registered capital of Shanghai Doright in favour of the pledgee to secure the obligations under the Term Loan, the Orchid I Note and the Orchid II Note, which was released in full by the pledgees pursuant to a deed of release dated 28 April 2011 and the registration of the release by the PRC governmental authority has been completed on 15 June 2011 |
| “Equity Pledge Contract III” | an equity pledge contract dated 20 June 2008 entered into between Sky Trend, as pledgor, in favour of Standard Bank Asia Limited, as pledgee, pursuant to which the pledgor agreed to grant a security interest in and lien over all of its interests in the registered capital of Dezhou Sino-Union in favour of the pledgee to secure the obligations under the Term Loan, the Orchid I Note and the Orchid II Note, which was released in full by the pledgees pursuant to a deed of release dated 28 April 2011 and the registration of the release by the PRC governmental authority has been completed on 7 June 2011 |
| “Equity Pledge Contract IV” | an equity pledge contract dated 20 June 2008 entered into between Sky Trend, as pledgor, and Standard Bank Asia Limited, as pledgee, pursuant to which the pledgor agreed to grant a security interest in and lien over all of its interests in the registered capital of Shanghai Doright in favour of the pledgee to secure the obligations under the Term Loan, the Orchid I Note and the Orchid II Note, which was released in full by the pledgees pursuant to a deed of release dated 28 April 2011 and the registration of the release by the PRC governmental authority has been completed on 15 June 2011 |
| “Equity Pledge Contracts” | Equity Pledge Contract I, Equity Pledge Contract II, Equity Pledge Contract III and Equity Pledge Contract IV, which were released in full by the pledgees pursuant to a deed of release dated 28 April 2011 |
| “Euromonitor” | Euromonitor International (Asia) Pte Ltd, an independent market research firm commissioned by our Company to report on the men’s casual wear market in the PRC for the purposes of the disclosure of certain market information in this prospectus |

DEFINITIONS

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| “Faith Enterprise” | Faith Enterprise Limited, an investment holding company incorporated in Hong Kong with limited liability on 5 June 2006 and an indirect wholly-owned subsidiary of our Company |
| “Global Offering” | the Hong Kong Public Offer and the International Placing |
| “Grandwin” | Grandwin Enterprises Limited, one of the Investors, a private company incorporated in the BVI and wholly-owned by Mr. Leung Pak To. Other than Mr. Leung’s indirect shareholding interest in our Company, he is otherwise an Independent Third Party |
| “Group”, “our Group”, “we” or “us” | our Company and its subsidiaries, or where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company or the businesses operated by its present subsidiaries or (as the case may be) their predecessors |
| “Guangdong Leaderway” | 廣東利威製衣有限公司 (Guangdong Leaderway Garment Co., Ltd.*), a limited liability company established under the laws of the PRC on 25 March 1999 and an indirect wholly-owned subsidiary of our Company responsible for procuring raw materials for our products and managing outsourcing of our production to third-party manufacturers |
| “Guangdong Rieys” | 廣東雷伊(集團)股份有限公司 (Guangdong Rieys Group Co., Ltd.*), a joint stock company incorporated in the PRC, whose shares are listed on the Shenzhen Stock Exchange and is currently under “ST” (special trading) status. Other than Mr. Chen’s indirect shareholding in Guangdong Rieys, it is otherwise an Independent Third Party |
| “Guangzhou Ruitang” | 廣州瑞唐貿易有限公司 (Guangzhou Ruitang Trading Co., Ltd.*), a limited liability company established under the laws of the PRC on 24 May 2004 and an indirect wholly-owned subsidiary of our Company responsible for operating and managing our self-operated stores |
| “HK eIPO White Form” | the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of HK eIPO White Form www.hkeipo.hk |
| “HK eIPO White Form Service Provider” | the HK eIPO White Form service provider designated by us, as specified on the designated website www.hkeipo.hk |

DEFINITIONS

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| “HKSCC” | Hong Kong Securities Clearing Company Limited |
| “HKSCC Nominees” | HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC |
| “Hong Kong”, “HKSAR” or “HK” | the Hong Kong Special Administrative Region of the PRC |
| “Hong Kong dollars” or “HK\$” | the lawful currency of Hong Kong |
| “Hong Kong Offer Shares” | the 93,180,000 new Shares (subject to adjustment as described in the section headed “Structure of the Global Offering”) being offered by us for subscription under the Hong Kong Public Offer |
| “Hong Kong Public Offer” | the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%), on the terms and subject to the conditions described in this prospectus and the Application Forms |
| “Hong Kong Underwriters” | the underwriters of the Hong Kong Public Offer listed in the section headed “Underwriting — Hong Kong Underwriters” in this prospectus |
| “Hong Kong Underwriting Agreement” | the underwriting agreement relating to the Hong Kong Public Offer entered into by, among others, the Sole Global Coordinator, the Hong Kong Underwriters and us on 17 June 2011 |
| “ICL London Fog” | ICL-London Fog Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Iconix. Other than its shareholding interest in our Company, ICL London Fog is an Independent Third Party |
| “Iconix” | Iconix China Limited, a company incorporated in Hong Kong with limited liability and the prior owner of the trademarks used for our London Fog branded products. Other than its indirect shareholding interest in our Company held through ICL London Fog and Iconix Investments, Iconix is an Independent Third Party |
| “Iconix Investments” | Iconix China Investments Limited, a company incorporated in the BVI with limited liability, one of the Investors. Other than its shareholding interest in our Company, Iconix Investments is an Independent Third Party |

DEFINITIONS

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| “IDG I” | IDG-Accel China Capital L.P., one of the Investors and an investment fund established in the Cayman Islands as an exempted limited partnership registered under the laws of the Cayman Islands. Other than its shareholding interest in our Company, IDG I is an Independent Third Party |
| “IDG II” | IDG-Accel China Capital Investors L.P., one of the Investors and an exempted limited partnership registered under the laws of the Cayman Islands. Other than its shareholding interest in our Company, IDG II is an Independent Third Party |
| “IFRSs” | the International Financial Reporting Standards promulgated by the International Accounting Standards Board |
| “Independent Third Party(ies)” | persons or companies which are independent of and not connected with any of our Directors, chief executive, substantial Shareholders and the directors and substantial shareholders of any other member of our Group and their respective associates |
| “International Placing” | the offering of the International Offer Shares at the Offer Price outside the United States in accordance with Regulation S, and in the United States only to QIBs in reliance on Rule 144A or another available exemption from the registration requirement of the U.S. Securities Act, as further described in the section headed “Structure of the Global Offering” in this prospectus |
| “International Purchase Agreement” | the underwriting agreement relating to the International Placing which is expected to be entered into by, among others, the Sole Global Coordinator, the International Underwriters, us and the Selling Shareholders on or around 24 June 2011, as further described in the section headed “Structure of the Global Offering — International Placing” in this prospectus |
| “International Offer Shares” | the 686,820,000 new Shares and 151,800,000 Sale Shares being initially offered by us and the Selling Shareholders, respectively, for subscription and purchase under the International Placing together, where relevant, with any additional Shares that may be issued by us pursuant to any exercise of the Over-allotment Option, subject to adjustment as described in the section headed “Structure of the Global Offering” in this prospectus |
| “International Underwriters” | the underwriters of the International Placing |

DEFINITIONS

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| “Investors” | IDG I, IDG II, CCC, Mousse, Iconix Investments, Grandwin, Orchid I and Orchid II |
| “IPO Put Option” | an option granted to ICL London Fog (as assignee of Iconix) to convert all of its shares in London Fog (China) into shares in CEC Outfitters as described in the section headed “Arrangements with respect to London Fog (China)” in this prospectus, which was exercised in full on 23 May 2011 |
| “Latest Practicable Date” | 13 June 2011, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus prior to its publication |
| “Listing” | the listing of our Shares on the main board of the Stock Exchange |
| “Listing Committee” | the Listing Committee of the Stock Exchange |
| “Listing Date” | the date, expected to be on or about 30 June 2011, on which dealings in our Shares first commence on the main board of the Stock Exchange |
| “Listing Rules” | The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time |
| “London Fog (China)” | London Fog (China) Limited, an investment holding company incorporated in Hong Kong with limited liability on 26 February 2009 and a wholly-owned subsidiary of our Company |
| “London Fog Shanghai” | 倫頓弗格(上海)服飾有限公司 (London Fog (Shanghai) Fashion Co., Ltd.*), a limited liability company (sino-foreign equity joint venture) established under the laws of the PRC on 31 May 2009 and an indirect wholly-owned subsidiary of our Company responsible for managing our operations in relation to the London Fog brand |
| “London Fog Shareholders’ Agreement” | the shareholders’ agreement dated 23 April 2009 entered into between CEC Outfitters and Iconix, as amended by an amendment agreement dated 8 January 2010 between CEC Outfitters and Iconix, an omnibus agreement, assumption and accession agreement dated 30 March 2010 between, among others, London Fog (China), Iconix and ICL London Fog (as assignee of Iconix) and an amendment agreement dated 25 June 2010 between CEC Outfitters and ICL London Fog in respect of London Fog (China), which was supplemented and terminated on completion of the exercise of the IPO Put Option on 23 May 2011 |

DEFINITIONS

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| “Macau” | the Macau Special Administrative Region of the PRC |
| “Memorandum” or “Memorandum of Association” | the memorandum of association of our Company |
| “MOFCOM” | 中華人民共和國商務部 (Ministry of Commerce of the PRC) |
| “Mousse” | Mousserena, L.P., one of the Investors and a limited partnership established in the Cayman Islands. Other than its shareholding interest in our Company, Mousse is an Independent Third Party |
| “Mr. Chen” | Mr. Chen Hong Cheng, one of the founding shareholders of Sky Trend |
| “Mr. To Hung” | Mr. To Hung, one of the founding shareholders of Sky Trend |
| “Mr. Zhang Bruce Yongfu” | Mr. Zhang Bruce Yongfu, the brother of Mr. Zhang Yongli and the holder of all of the issued shares of Vinglory |
| “Mr. Zhang Yongli” | Mr. Zhang Yongli, the chief executive officer and an executive Director of our Company and the brother of Mr. Zhang Bruce Yongfu |
| “OEM” | acronym for original equipment manufacturer, a business that manufactures goods or equipment for branding and resale by others |
| “Offer Price” | the final Hong Kong dollar price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee) at which the Hong Kong Offer Shares are to be offered under the Hong Kong Public Offer and the International Offer Shares are to be offered under the International Placing, to be determined in the manner further described in the section headed “Structure of the Global Offering — Pricing and Allocation” in this prospectus |
| “Offer Shares” | the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with the additional Shares that may be issued pursuant to any exercise of the Over-allotment Option |
| “Orchid I” | Orchid Asia IV, L.P., one of the Investors and an exempted limited partnership registered under the laws of the Cayman Islands. Other than its shareholding interest in our Company, Orchid I is an Independent Third Party |

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| “Orchid II” | Orchid Asia IV Co-Investment, Limited, one of the Investors and a limited liability company incorporated under the laws of the Cayman Islands. Other than its shareholding interest in our Company and the shareholding of Orchid I in our Company, Orchid II is an Independent Third Party |
| “Orchid I Note” | the secured promissory note in an aggregate principal amount of US\$17,640,000 issued by CEC Outfitters to Orchid I dated 16 June 2008 which was satisfied in full on 4 May 2011 as a result of the exercise of the Orchid Warrants |
| “Orchid II Note” | the secured promissory note in an aggregate principal amount of US\$360,000 issued by CEC Outfitters to Orchid II dated 16 June 2008, which was satisfied in full on 4 May 2011 as a result of the exercise of the Orchid Warrants |
| “Orchid Notes” | the Orchid I Note and the Orchid II Note |
| “Orchid I Warrant” | the warrant to subscribe for new shares issued by CEC Outfitters to Orchid I dated 16 June 2008, which was exercised in full by Orchid I on 4 May 2011 |
| “Orchid II Warrant” | the warrant to subscribe for new shares issued by CEC Outfitters to Orchid II dated 16 June 2008, which was exercised in full by Orchid II on 4 May 2011 |
| “Orchid Warrants” | the Orchid I Warrant and the Orchid II Warrant |
| “Over-allotment Option” | the option expected to be granted by us to the International Underwriters exercisable by the Sole Global Coordinator on behalf of the International Underwriters under the International Purchase Agreement pursuant to which we may be required to issue up to 139,770,000 additional new Shares at the final Offer Price to, among other things, cover over-allocations in the International Placing, if any |
| “POS” | point of sale |
| “Post-IPO Put Option” | an option granted to ICL London Fog (as assignee of Iconix) to require CEC Outfitters to purchase any or all of ICL London Fog’s shares in London Fog (China) within three years of Listing in consideration for our Shares as described in the section headed “Arrangements with respect to London Fog (China)” in this prospectus. As the IPO Put Option has been exercised on 23 May 2011, the Post-IPO Put Option was terminated |

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| “PRC Operating Subsidiaries” | on or prior to 18 July 2006, Shanghai Doright, Dezhou Sino-Union, Shanghai Bolderway, Shanghai Baowei, Shanghai Jiancheng, Beijing Bolderway, Guangdong Leaderway, Sichuan Bolderway and Guangzhou Ruitang and, since 18 July 2006 or the establishment date of the relevant subsidiary of our Company, shall also include Ruiguo Suzhou, London Fog Shanghai, Shanghai Xunge and Shangyong Zhanguai |
| “Pre-IPO Share Option Scheme” | the Pre-IPO share option scheme of our Company approved and adopted by us on 8 June 2011, the principal terms of which are set out in the paragraph headed “Appendix VI — Statutory and General Information — Pre-IPO Share Option Scheme” in this prospectus |
| “Price Determination Date” | the date, expected to be on or around 24 June 2011 but no later than 28 June 2011, on which the Offer Price is fixed for the purpose of the Global Offering |
| “Promissory Notes” | the Orchid I Note, the Orchid II Note and the CEC Menswear BVI Note |
| “Purchase Deed” | the secured note and warrant purchase deed dated 15 June 2008 entered into between CEC Outfitters, as the issuer, Orchid I, Orchid II and CEC Menswear BVI, as purchasers, CEC Menswear HK and Faith Enterprise, as the warrantors, (as amended by a deed of amendment dated 20 June 2008) in relation to the Promissory Notes and the Warrants |
| “QIBs” | qualified institutional buyers within the meaning of Rule 144A |
| “Qualified IPO” | the listing of shares in CEC Outfitters or the entity comprising substantially the business and assets of CEC Outfitters, including our Company, on certain qualified stock exchanges where the market capitalisation of the listing entity is not less than HK\$1,190 million |
| “Regulation S” | Regulation S under the U.S. Securities Act |
| “RMB” or “Renminbi” | the lawful currency of the PRC |
| “Ruiguo Suzhou” | 瑞國(蘇州)服飾有限公司 (Ruiguo (Suzhou) Fashion Co., Ltd.*), a limited liability company established under the laws of the PRC on 24 January 2011 and an indirect wholly-owned subsidiary of our Company responsible for sales management |

DEFINITIONS

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| “Rule 144A” | Rule 144A under the U.S. Securities Act |
| “SAFE” | 國家外匯管理局 The State Administration of Foreign Exchange of the PRC |
| “Sale Shares” | the 151,800,000 Offer Shares initially being offered for sale by the Selling Shareholders at the final Offer Price under the International Placing |
| “SAT” | 國家稅務總局 (The State Administration of Taxation of the PRC) |
| “SBPRC” | Santa Barbara Polo & Racquet Club |
| “Second Completion” | the second completion of the CEC Outfitters Share Transfer as described in the section headed “Pre-IPO CEC Outfitters Share Transfer” in this prospectus |
| “Security Document” | a fixed and floating security document dated 20 June 2008 entered into between CEC Outfitters, CEC Menswear HK, Faith Enterprise and Sky Trend, as chargors, and Standard Bank Asia Limited, as chargee and security trustee, pursuant to which each of the chargors charged to the security trustee certain of its assets to secure the obligations under the Term Loan, the Purchase Deed, the Orchid Notes, which was released in full by the chargee pursuant to a deed of release dated 28 April 2011 |
| “Selling Shareholders” | CEC Outfitters, ICL London Fog and Iconix Investments, our existing Shareholders who are expected to offer to sell Shares in the International Placing, as detailed in the section headed “Appendix VI — Statutory and General Information — Particulars of the Selling Shareholders” in this prospectus |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “SFO” | the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong), as amended from time to time |
| “Shanghai Baowei” | 上海保威服飾有限公司 (Shanghai Baowei Fashion Co., Ltd.*), a limited liability company established under the laws of the PRC on 5 April 1999 and an indirect wholly-owned subsidiary of our Company responsible for managing our third-party retailers before 2009 |

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| “Shanghai Bolderway” | 上海保德威服飾有限公司 (Shanghai Bolderway Fashion Co., Ltd.*), a limited liability company established under the laws of the PRC on 28 November 2001 and an indirect wholly-owned subsidiary of our Company responsible for managing sales of our Group in South China |
| “Shanghai Doright” | 上海同瑞服飾有限公司 (Shanghai Doright Fashion Co., Ltd.*), a wholly foreign-owned enterprise established under the laws of the PRC on 6 August 2003 and an indirect wholly-owned subsidiary of our Company responsible for brand management and product design of our Group as well as the procurement of raw materials, management of production outsourcing to third-party manufacturers and management of our third-party retailers |
| “Shanghai Jiancheng” | 上海簡成商貿有限公司 (Shanghai Jiancheng Trading Co., Ltd.*), a limited liability company established under the laws of the PRC on 31 May 2004 and an indirect wholly-owned subsidiary of our Company |
| “Shanghai Xunge” | 上海勛格服飾有限公司 (Shanghai Xunge Fashion Co., Ltd.*), a limited liability company established under the laws of the PRC on 9 October 2008, responsible for managing our operation in relation to the Koyo Jeans brand and an indirect subsidiary of our Company which is owned as to 55.0% by Shanghai Doright and 45.0% by Mr. Chen Xihui (陳錫輝), who but for his equity interest in Shanghai Xunge would have been an Independent Third Party |
| “Shangyong Zhanguai” | 德州中合商用展櫃有限公司 (Dezhou Zhonghe Shangyong Zhanguai Co., Ltd*), a limited liability company established under the laws of the PRC on 22 March 2011 and an indirect wholly-owned subsidiary of our Company responsible for manufacturing and sales of product showcases of our Group |
| “Share Charge” | a share charge dated 16 June 2008 entered into between CEC Menswear BVI and CEC Outfitters, as chargors, and Orchid I, Orchid II and CEC Menswear BVI, as chargees, which was released in full on 20 June 2008 |

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| “Share Charge II” | a share charge dated 20 June 2008 entered into between CEC Menswear BVI, Vinglory and CEC Outfitters, as chargors, and Standard Bank Asia Limited, as chargee and security trustee for Orchid I and Orchid II, which was released in full by the chargee pursuant to a deed of release dated 28 April 2011 |
| “Shareholder(s)” | holder(s) of the Shares |
| “Share Option Scheme” | the share option scheme conditionally adopted by us on 8 June 2011, the principal terms of which are summarised in the section headed “Appendix VI — Statutory and General Information — Share Option Scheme” in this prospectus |
| “Share Registrar” | Tricor Investor Services Limited |
| “Share(s)” | ordinary share(s) with a nominal value of HK\$0.10 each in our share capital |
| “Shinemax” | Shinemax Corporation Limited, an investment holding company incorporated in Hong Kong with limited liability on 26 October 2006, an indirect wholly-owned subsidiary of our Company |
| “Sichuan Bolderway” | 四川保德威商貿有限公司 (Sichuan Bolderway Trading Co., Ltd.*), a limited liability company established under the laws of the PRC on 19 March 2004, and an indirect wholly-owned subsidiary of our Company responsible for operating and managing our self-operated stores |
| “Sky Trend” | Sky Trend Hong Kong Investment Limited, an investment holding company incorporated in Hong Kong with limited liability on 24 October 2007, an indirect wholly-owned subsidiary of our Company |
| “Sole Global Coordinator” or “Sole Bookrunner” or “Lead Manager” or “Sole Sponsor” | UBS |
| “Somanco Pty Ltd.” | Somanco Pty Ltd., a proprietary company incorporated in Australia registered on 10 July 1981, the entire share capital of which is directly owned by Mr. Zhang Bruce Yongfu |
| “Stabilising Manager” | UBS |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the meaning ascribed thereto in section 2 of the Companies Ordinance |

DEFINITIONS

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| “Term Loan” | the US\$15,000,000 term loan facility granted by Standard Bank Asia Limited to CEC Outfitters pursuant to a loan facility agreement dated 20 June 2008 between, amongst others, CEC Outfitters, Standard Bank Asia Limited, CEC Menswear HK, Faith Enterprise and Sky Trend, which was repaid in full on 24 March 2011 |
| “Track Record Period” | the three financial years ended 31 December 2010 |
| “Trademark Assignment Agreement” | the trademark assignment agreement dated 24 April 2009 entered into between Iconix and London Fog (China) (as amended by an omnibus agreement, assumption and accession agreement dated 30 March 2010 between, among others, London Fog (China), Iconix and ICL London Fog (as assignee of Iconix), pursuant to which the ownership of the trademarks used by the London Fog branded products which are registered in the PRC, Hong Kong, Macau and Taiwan were assigned by Iconix to London Fog (China) |
| “UBS” | UBS AG, Hong Kong Branch, a registered institution under the SFO for Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO |
| “Underwriters” | the Hong Kong Underwriters and the International Underwriters |
| “Underwriting Agreements” | the Hong Kong Underwriting Agreement and the International Purchase Agreement |
| “United States” or “U.S.” | the United States of America |
| “US dollars” or “US\$” | the lawful currency of the United States |
| “U.S. Securities Act” | the U.S. Securities Act of 1933 and the rules and regulations promulgated under it, as amended from time to time |
| “Vinglory” | Vinglory Holdings Limited, one of the Controlling Shareholders and a company incorporated in the BVI with limited liability on 18 April 2006, the entire issued share capital of which is directly owned by Mr. Zhang Bruce Yongfu |
| “Warrantholders” | Orchid I, Orchid II and CEC Menswear BVI |

DEFINITIONS

“Warrants” the Orchid Warrants and the CEC Menswear BVI Warrant issued by CEC Outfitters dated 16 June 2008

“%” per cent

* The English names of the nationals, entities, departments, facilities, certificates, titles and the like of China referred in this prospectus are translations from their Chinese names. If there is any inconsistency between the English name and the Chinese name, the Chinese name shall prevail.

Unless otherwise expressly stated or the context otherwise requires, all data in this prospectus is as at the date of this prospectus.

Unless otherwise specified, all references to any shareholdings in the Company assume that the Over-allotment Option is not exercised.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and plan of operation;
- our capital expenditure plans;
- the amount and nature of, and potential for, future development of our business;
- our operations and business prospects;
- our dividend policy;
- projects under construction or planning;
- the regulatory environment of our industry in general; and
- future development in our industry.

The words “anticipate”, “believe”, “could”, “expect”, “intend”, “may”, “plan”, “seek”, “will”, “would” and similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. One or more of these risks or uncertainties may materialise, or underlying assumptions may prove incorrect.

Subject to the requirements of the Listing Rules, we do not intend to publicly update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

RISK FACTORS

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below before making an investment in the Offer Shares. You should pay particular attention to the fact that a substantial part of our business is located in the PRC, and we are governed by a legal and regulatory environment which may differ from that which prevails in other countries. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. The trading price of our Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

We rely on licence agreements for the use of international brands in the design, manufacturing, marketing and sales of branded apparel

We have entered into licence agreements with a number of organisations to use their respective brands in the design, manufacturing, marketing and sales of apparel products. We derive substantially all of our revenue from the sales of products under these licensed brands. For the years ended 31 December 2008, 2009 and 2010, we derived 97.1%, 97.5% and 94.8%, respectively of our revenue from the sales of products under these licensed brands.

These licence agreements are typically for a term of five to ten years. The table below sets forth the expiry dates of our major licensed brands under the respective licence agreement:

| Brand | JEEP | SBPRC | Sideout | Hallmark |
|--------------------------|------------------|------------------|----------------|-----------------|
| Expiry Date . . . | 31 December 2015 | 28 February 2015 | 31 May 2013 | 30 April 2012 |

Some of the licence agreements are renewable subject to certain renewal conditions. All of the licence agreements require minimum royalty payments that are due before the scheduled payment dates, and some licence agreements impose various specific requirements, such as minimum sales quotas, minimum number of outlets maintained every year and minimum advertising spending as a percentage of sales. In addition, some of these licence agreements also require our production and products to meet specified quality and control standards and require us to submit promotional plans and materials to the licensors for approval prior to use. The licence agreements are subject to early termination if we fail to meet these requirements or fail to perform the contractual obligations.

We can give no assurance that the licensors will be satisfied with our performance under the licence agreements, that the licensors will not attempt to terminate the licence agreements or to seek damages from us due to different interpretation of major terms of the licence agreements or for other reasons, or that we will be able to renew the licence agreements on the same or similar terms, or at all. Moreover, our licensors may modify the terms of the licence agreements upon renewal to make them less favourable to us. For instance, the licensor of the JEEP brand increased the royalty as a percentage of our sales when we renewed the agreement with it in 2010. If the licence agreements are terminated or if we fail to renew any of them upon their expiration, we will be unable to continue the design, manufacturing, marketing and sales of products under that licensed brand, and our business, financial condition and results of operations will be materially and adversely affected.

Please refer to “— Our rights under our licence agreements are subject to various restrictions and limitations” below and to the section headed “Business — Brands” in this prospectus for further details of our licence agreements.

RISK FACTORS

We are heavily dependent on the JEEP and SBPRC brands

During the Track Record Period, we derived a substantial part of our revenue from sales of products under the JEEP and SBPRC brands. Revenue from the sales of JEEP and SBPRC products accounted for approximately 92.8%, 95.0% and 93.1% of our total revenue for the years ended 31 December 2008, 2009 and 2010, respectively. Our success therefore depends significantly on our ability to sell products under either of these two brands, which in turn depends on, among other things, the market perception and acceptance of the culture, heritage, lifestyle and images associated with either of these two brands, some of which may not be within our control. Negative publicity or disputes in the PRC or abroad about these two brands or about our products, our Company or our management could materially and adversely affect public perception of these two brands. Any impact on our ability to continue to sell products under either of the JEEP brand or the SBPRC brand, or any significant damage to the images of either of these two brands could materially and adversely affect our business, financial condition and results of operations.

Our endeavours to launch new brands or new product lines may not be successful

To enhance our growth, we plan to expand and diversify our brands and products by introducing new brands and new product lines under existing brands to target new consumer groups. We launched both menswear and womenswear products under the London Fog brand in September 2009. Revenue from the sales of London Fog products accounted for 3.9% of our total revenue for 2010. We are also in the process of launching womenswear products under the JEEP brand in the fall/winter collection of 2011. Currently, we have commenced the design for our womenswear products under the JEEP brand. We may not be able to continue to identify suitable brands. In addition, market acceptance of a new brand or product line is inherently uncertain and certain of the brands we have introduced have not had the market acceptance of JEEP and SBPRC.

The launch and development of a new brand or a new product line involves considerable time and financial commitment that may impose a substantial strain on our ability to manage our existing business and operations. We may face inherent risks and uncertainties such as misjudgment of levels of demand and/or the prices to be charged for the new products. We may also lack sufficient experience in the management of new brands and products as they may face different market challenges, such as those relating to marketing, sales, market positioning, retail point management or regulatory compliance. We may not be able to reach agreements with our third-party retailers for the distribution of, or receive little or no retail demand for, the products under the new brands or the new product lines. Failure of any of our new brands or new products could lead to wasted resources and damage to our reputation and could materially and adversely affect our business, financial condition and results of operations.

Our multi-brand strategy may not be successful

We have adopted a multi-brand strategy by using different brands to cater to different consumer groups of different lifestyles. Not all of the brands that we introduced in the past have achieved the same level of success or growth; for instance, the Sideout, Hallmark and Koyo Jeans brands, as well as our Doright brand, did not perform as well as our JEEP and London Fog brands during the Track Record Period. The management of different brands requires significant time and attention of our management, and we cannot guarantee that all of the brands will be equally successful. In addition, our market positioning of the brands may not be accurate and may result in marketing overlaps, cannibalisation or even competition among the brands. We cannot assure you of the success of our

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multi-brand strategy or that any of the existing brands will continue to be successful or any of the new brands we introduce and promote will generate income as expected. Failure of our multi-brand strategy could adversely and materially affect our business, financial condition and results of operations.

We or our third-party retailers may not be successful in securing prime locations for retail points inside department stores or shopping malls

Currently, we sell almost all of our products to consumers through a network of retail points either operated by us or by our third-party retailers. Our performance depends, to a significant extent, on the location of these retail points, as we believe prime location is a key to access to our target consumer groups and brand building.

We currently promote our licensed or self-owned brands mainly through in-store product presentations and have established substantially all of our self-operated retail points as concession counters located within major department stores or shopping malls in major cities in China, as we believe the major department store chains and shopping malls are primary retail channels for lifestyle products marketed to mid-to-high income class consumers in China, who are our primary target consumer groups. We expect major department stores and shopping malls will continue to be our primary venues for establishing self-operated retail points. Securing prime locations for our concession counters within the department stores and shopping malls thus becomes a key factor in attracting our targeted consumers to purchase our products. Department stores and shopping malls typically assign and allocate sales areas to concessionaires based on sales performance. Our self-operated retail points at concession counters have in the past been relocated by the department stores, and we cannot assure you that our concession counters within department stores and shopping malls will not be relocated in the future.

Our third-party retailers' ability to rent and maintain suitable properties to open retail stores or secure prime locations for concession counters in department stores or shopping malls on commercially reasonable terms is also critical to our success. The supply of prime locations in a city in the PRC and those in a department store or shopping mall is limited, and as a result, the competition to secure these properties or locations is intense. In addition, department stores may increase the concession fees charged on the concession counters operated by us or our third-party retailers, as a result of which, the operations of these concession counters may not be commercially viable to us or our third-party retailers. Our concession fees were RMB100.3 million, RMB122.1 million and RMB156.4 million for the years ended 31 December 2008, 2009 and 2010, respectively, representing approximately 27.4%, 27.8% and 27.3% of our total revenue from self-operated retailer points in the respective year. Our competitors may pre-empt us in securing prime locations before we or our third-party retailers can. We cannot assure you that we or our third-party retailers will be able to identify, rent and maintain suitable properties or negotiate with, and open concession counters in, department stores or shopping malls on terms acceptable to us or our third-party retailers. In the event that we or our third-party retailers fail to do so, our sales, business, financial condition and results of operations may be materially and adversely affected.

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If we are unable to predict or meet consumer preferences or fashion trends, our products may lose their appeal to customers

We derived more than 99.5% of our sales for each of the three years ended 31 December 2010 from the sale of menswear products. As menswear products are subject to changing consumer preferences and fashion trends, our sales and profit are dependent on our ability to cater to different consumer fashion tastes. Demand for our menswear products is dependent on market perception and consumers' acceptance that our brands are fashionable and trendy, which require continued anticipation of and responsiveness to ever-changing market and fashion trends. We cannot assure you that we will be successful in anticipating changing consumer preferences or developing new products to meet shifts in demand. Our failure to anticipate or accurately respond to market changes and fashion trends in a timely manner could result in lower sales volumes to us and our third-party retailers, lower selling prices or lower profits. This could in turn materially and adversely affect our business, financial condition and results of operations.

We rely on our third-party retailers for the sale of a large portion of our products

A large portion of our revenue is derived from sales to our third-party retailers, who are Independent Third Parties that own and/or directly operate retail points. For the years ended 31 December 2008, 2009 and 2010, sales to third-party retailers accounted for 27.6%, 32.2% and 37.1%, respectively, of our total revenue. We generally do not require our third-party retailers to work with us on an exclusive basis. As these third-party retailers may also distribute other brands of menswear or apparel products, including brands that compete with ours, there can be no assurance that they will always give priority to our products by providing favourable retail point locations and marketing resources.

Our reliance on our third-party retailers means that the sales performance of our third-party retailers and their ability to expand their business and sales networks are crucial to the future growth of our business. We require our third-party retailers to pay us a one-time non-refundable lump sum payment prior to becoming our third-party retailer. This requirement may put us in a less competitive position to attract new third-party retailers compared to other sales models that do not require such payment or only require such fee in a smaller amount. Furthermore, since we generally enter into short-term, usually one year, retail agreements with the third-party retailers, there can be no assurance that such agreements will be renewed on terms that are acceptable to us or at all. Any of the foregoing may materially and adversely affect our business, financial condition and results of operations.

Our business may be negatively affected if our third-party retailers fail to comply with our retail policies or fail to follow our strategies

We do not directly control or involve ourselves in the operation of our third-party retailers, and we rely on contractual obligations set forth in our retail agreements with our third-party retailers to impose our policies on the retail points operated by our third-party retailers, such as store layout, sales prices, discounts and the use of logos and trademarks, advertising posters and slogans. Our control over the retail points owned and operated by our third-party retailers is limited. Therefore, there can be no assurance that the third-party retailers will comply with our policies to prevent our

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brands from being associated with the image of low quality or poor customer service. If our third-party retailers fail to comply with these policies, we may not be able to effectively manage our sales network or maintain a uniform brand image, which may result in erosion of goodwill and an unfavourable public perception of the brands we carry.

In addition, our third-party retailers may offer discounts to consumers without obtaining our prior consent, which may adversely affect our sales and brand image. Even if we make claims against any third-party retailer who fails to comply with our retail policies, we may be unable to obtain satisfactory court judgments or rebuild the brand image, enforce the claim or find replacement third-party retailers in a timely manner or on acceptable terms. Furthermore, any such remedy, even if successful, may be insufficient to cure the full extent of loss and damage suffered by us. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We rely on third-party manufacturers and suppliers for the production of a significant portion of our products and the supply of raw materials, respectively, and any interruptions in the operation of these manufacturers or suppliers may adversely affect our results of operations

We rely on third-party manufacturers for the production of a significant majority portion of our products. Cost of outsourced production accounted for approximately 56.3%, 67.8% and 64.0% of our cost of sales for the years ended 31 December 2008, 2009 and 2010. We also rely on third-party suppliers for the supply of raw materials for our own production and some of our outsourced production. These third-party manufacturers and suppliers may be unable to supply us with the finished goods or to provide us with the required raw materials, respectively. A number of factors could also cause prolonged interruptions in the operations of these manufacturers or suppliers, such as equipment failures or property damage experienced by these manufacturers or suppliers, change in laws and regulations that affect their manufacturing process, or financial difficulties and labour disputes faced by these manufacturers or suppliers. We may experience material disruptions in the supply of finished goods or raw materials due to any of the above factors in the future.

In addition, we can give no assurance that our existing third-party manufacturers will continue to accept our future purchase orders on the same or similar terms (including prices and quantities) or at all in the future, nor can we assure you that our third-party manufacturers' resources will not be occupied by their other customers, some of which may be our competitors, or that they will have sufficient resources to continue to meet our demands. In the event that these manufacturers or suppliers cannot fulfill their obligations to supply sufficient quantities of finished goods or raw materials to us, respectively, or in the event that we have disputes with or lose the services of any of our existing manufacturers or suppliers, we may not be able to find suitable alternative third-party manufacturers or suppliers on a timely basis to supply the same or similar types and quantities of products or raw materials, which could materially and adversely affect our business, financial condition and results of operations.

Increase in cost of outsourced production, raw materials and labour in the PRC may adversely affect our business and our profitability

We generally do not maintain long-term contracts with our raw materials suppliers or third-party manufacturers, and the prices that we pay for materials and products they provide may increase due to fluctuation of prices of commodities, for example, cotton, the price of which has dramatically

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increased over the past three years. In addition, labour costs in the PRC have increased significantly in recent years and have impacted on our cost structure. In addition to inflation and other factors, the implementation of the PRC Employment Contract Law* (中華人民共和國勞動合同法), which became effective on 1 January 2008, also contributed to the increase in labour costs in the PRC. Among other things, the PRC Employment Contract Law imposes more stringent requirements on employers in relation to entry into fixed term employment contracts, dismissal of employees, provision of severance payment and paid annual leave for employees. We expect that the labour costs will continue to increase in the future. If we are unable to identify and adopt other appropriate means to reduce costs of our own or outsourced production, or pass on such increase in the cost of raw materials, labour or products to our customers, our business, financial condition and results of operations may be materially and adversely affected.

Furthermore, we cannot assure you that any disputes, work stoppages or strikes will not arise in the future. Any future disputes with our employees could adversely affect our business, financial condition and results of operations.

Failure to successfully promote the brands we carry may materially and adversely affect our business and results of operations

We focus on design, manufacturing, marketing and sales of menswear products. Brand image is one of the key factors in consumer purchasing decisions for menswear products. Our ability to maintain and further enhance and develop these brands depends, in part, on the effectiveness of our sales efforts and promotional campaigns. Currently, we promote our brands mainly through in-store product presentation in a consistent manner. We may engage other types of brand building or marketing activities in the future to promote the existing brands or any new brands. If these activities do not achieve their intended results, the image of these brands may be adversely affected. In addition, brands normally have limited shelf life, and our failure to effectively promote a brand within its shelf life may render the brand obsolete or result in it losing appeal. If we are unable to successfully maintain and promote the brands we carry, our business, financial condition and results of operations may be materially and adversely affected.

Our brand image, reputation and business may be negatively affected by actions of our third-party manufacturers and suppliers

For the years ended 31 December 2008, 2009 and 2010, the cost of our outsourced production (which consists of cost of finished goods and processing fees) as a percentage of our cost of sales was 56.3%, 67.8% and 64.0%, respectively. We exercise only limited control over the operations of our third-party manufacturers and suppliers and are therefore not able to ensure their compliance with applicable laws and regulations. The failure on the part of our third-party manufacturers to comply with certain laws, such as labour and environmental laws, may result in delay or interruption in shipment or negative publicity which may affect our sales or damage the brands we carry and undermine our brand building efforts and reputation. In addition, our third-party manufacturers may bypass us and sell our products through unauthorised channels. They may also copy our design ideas and/or use the brands we licensed without our consent and authorisation from the licensors. Furthermore, since our control over the operations of third-party manufacturers is limited, we need

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to maintain stringent quality inspection procedures to ensure that the quality of the outsourced products is up to our standards. If we fail to maintain such procedures, or if our procedures are proven to be insufficient to ensure the quality of our products, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to inventory risk

We need to maintain a high level of inventory as we operate a network of self-operated retail points through which we sell a large portion of our products. The balance of our inventory as at 31 December 2008, 2009 and 2010 accounted for approximately 38.1%, 24.8% and 21.9%, respectively, of our total current assets. For the years ended 31 December, 2008, 2009 and 2010, we made inventory provision in the amount of RMB38.0 million, RMB40.5 million and RMB37.2 million, respectively. We also have relatively long inventory turnover days as our sales model requires us to maintain a higher level of inventory than our competitors which operate under a pure distributorship or pure franchise sales model. For the years ended 31 December 2008, 2009 and 2010, our average inventory turnover days were 356 days, 289 days and 304 days, respectively. In addition, the broad range of our products and colour selections, which offer more choices to consumers, also contributes to the long inventory turnover cycle. Further, we plan our procurement and production based on the orders received from the spring/summer and fall/winter sales fairs held every year and our third-party retailers typically request delivery of the goods around the time prior to the sales seasons start. We require our third-party retailers to place a deposit generally in the amount of 10% of the total purchase price calculated based on standardised retail price when placing order with us. However, if the third-party retailers delay or default in completing their contractual obligations due to changes in their financial or operational conditions or other reasons after placing orders with us but before accepting delivery, we may have to hold higher levels of inventories, and our risk of inventory obsolescence and write-downs and write-offs will increase. For details of our inventory policy and management, please refer to the sections headed “Business — Inventory Control and Logistics” and “Financial Information — Critical Accounting Policies, Estimates and Judgments — Inventories” in this prospectus.

We may not be able to accurately monitor the inventory level of our third-party retailers

Our control over the ultimate retail sales by our third-party retailers is limited. We currently do not have an automated system that allows us to keep track of our third-party retailers’ inventory levels on a real-time basis. We primarily rely on control measures, such as collecting sales reports, to monitor our third-party retailers’ inventory, and such measures require the cooperation of our third-party retailers. Even if our third-party retailers provide us with the information that we request, we may not be able to verify the accuracy of the data provided. Due to the above reasons, we may not be able to accurately and timely monitor sales and the inventory levels at our third-party retailers’ retail points, or to identify or prevent any excessive inventory build-up at these retail points.

We may be affected by infringement of our intellectual property rights or counterfeiting of our products

The brands and trademarks licensed to us and our self-owned brands, trademarks and other intellectual property rights are important to our success and competitive position. We rely on PRC laws to protect our intellectual property rights. We have yet to complete the registration of certain of the marks in relation to the London Fog trademarks assigned to us by Iconix and certain

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self-developed trademarks. In addition, we are in the process of renewing the registration of the trademark certificates for certain of our licensed JEEP trademarks with the trademark registry in the PRC. Prior to the completion of the registration or filing process, as the case may be, our rights in these trademarks or licence agreements may not be fully and adequately protected in the PRC. We may not be able to take action as a registered owner or user of these trademarks to protect them, and may need to seek alternative causes of action available under PRC law, which may or may not be successful. In addition, we cannot assure you that the registrations or filings will be completed on a timely basis or at all. If we do not receive the trademark registrations or complete the filings as anticipated, we may lose our right to continue to use or exclusively use the relevant trademarks, which may materially and adversely affect our business and operations.

In addition, there is no assurance that third parties, including third-party manufacturers and suppliers, will not infringe on our intellectual property rights or that the actions taken by us will be adequate to prevent such infringement by others. Likewise, we cannot assure you that third parties will not imitate our design and trademarks and make products that are similar or easily confused with our products. We have in the past encountered instances of counterfeit products sold in the PRC. For instance, counterfeit products under the JEEP brand were sold in certain parts of the PRC due to the brand's popularity. In addition, there have been unauthorised sales of apparel products under the London Fog brand in department stores in China, which may cause consumer confusion or dilute the image of the London Fog brand which we have acquired the right to use.

Our ability to enforce our intellectual property rights is also constrained by the licence agreements, as some of them, including the agreements for JEEP, SBPRC and Sideout, forbid us from taking enforcement actions against third parties without prior consent from the licensors. None of our licensors is contractually obligated to protect the licensed brands and they have discretion to decide whether to take enforcement actions if the licensed brands and trademarks are infringed upon by third parties. These licensors may decide not to or fail to take enforcement actions to defend the licensed brands and trademarks, and even if they do, their enforcement actions may not be adequate or appropriate or may not be in our best interests. In those cases, we may need to exert greater legal and other efforts and incur more expenses to protect our intellectual property rights. In addition, efforts to enforce or defend our intellectual property rights may require significant attention from our management and may be costly. The outcome of any legal actions to protect our intellectual property rights may be uncertain. In the past, we had, through the relevant government authorities, sought to take administrative actions against the violators. However, we cannot assure you that we will continue to have the resources to undertake such measures, or that such measures will be successful in the future. In the event that we are unable to adequately protect or safeguard our intellectual property rights, our reputation, business, financial condition and results of operations may be materially and adversely affected.

We may be involved in claims initiated by third parties alleging possible infringement of their intellectual property rights

We may face claims from time to time that our products infringe the intellectual property rights of third parties, including our competitors. In addition, in relation to the trademarks or licence agreements for which we have not completed the registration or filing processes, we may face claims in respect of such trademarks or licences from third parties who claim their due rights on the trademarks and licences. If any legal proceeding against us for infringement of intellectual property

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rights of third parties is successful, or if we are unable to obtain a licence for the use of such intellectual property right on acceptable terms, or at all, or are unable to design around such intellectual property rights, we may be prohibited from manufacturing or selling products which are dependent on the use of such intellectual property, which may have a material adverse effect on our business and reputation. In addition, any of such proceeding and its consequences could be costly and could divert management's attention from our business, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We have experienced significant growth in the past, and we may not be able to maintain such growth in the future

During the Track Record Period, we had experienced significant growth in our sales and increased our revenue from approximately RMB505.9 million in 2008 to approximately RMB648.9 million in 2009 and to approximately RMB910.0 million in 2010. We plan to further expand our business by expanding our sales network, launching new brands and products, and enhancing our logistics system. Our growth has, and will continue to, put pressure on our managerial, financial, operational and other resources. We may need to increase employee compensation levels in order to retain our existing executives and staff and attract additional personnel. We may also need to enhance financial, risk and quality controls and recruit and train additional staff in order to keep pace with our growth and to oversee and manage the expanded sales network and production facilities. We cannot assure you that we will be able to manage our future expansion effectively. If we are unable to effectively manage our expanding operations and control increasing costs, our business, financial condition and results of operations could be materially and adversely affected.

We rely heavily on the proper function of our information systems, and any malfunction over extended periods could adversely affect our business

We rely to a significant degree on the uninterrupted operation of our information technology and communications systems, as well as the equivalent systems of our third-party retailers or suppliers, for the efficient operation of our business including, but not limited to, the monitoring of inventory levels and the allocation of products to our self-operated retail points and retail points operated by our third-party retailers. We cannot assure you that our information systems are always up-to-date or will always operate without interruption. In addition, we cannot guarantee that the periodic upgrade we perform on our information systems will not cause material disruptions in the proper maintenance of our financial records or timely generation of sales invoices. Nor can we ensure that the level of security we maintain on our systems is proper and adequate or that our systems can withstand intrusions from or prevent improper usage by third parties or any unauthorised persons. Our failure to continue our operations uninterrupted due to any of these reasons may adversely affect our results of operations.

Currently, our network of self-operated retail points is linked to our central headquarters through the POS component of our ERP system, which helps to facilitate timely and accurate data management. We have enhanced the exchange of information with some of our suppliers by promoting direct linkage of our ERP system with them. In order to monitor the progress and status of product turnover, we plan to integrate the POS component of our ERP system with those of our third-party retailers. We may not succeed in establishing such linkage or completing the integration with our third-party retailers and suppliers due to various reasons, such as the limitation of their facilities, which are beyond our control. In addition, during this process, we may experience

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interruptions to our operations. If such interruptions are substantial, our operations may be adversely affected. Furthermore, there is no assurance that all suppliers or third-party retailers will be connected to our information system, nor can we assure you that our information system will improve our operational efficiency as we expected. There may be inherent risks to our use of the ERP system in the future. If our present or future information systems do not function properly to meet our specific needs, our business, financial condition and results of operations may be materially and adversely affected.

Our rights under our licence agreements are subject to various restrictions and limitations

We currently sell a variety of products under our licensed brands, in particular under the JEEP and SBPRC brands. However, we do not have exclusive rights under some of the licence agreements to produce and sell certain of these products, such as accessories. If any other party is granted the right to manufacture, sell and distribute these products under the licensed brands, or if the licensors themselves manufacture, sell and distribute such products after we have devoted significant capital and other resources to market the licensed brands in the PRC, we will face competition from such additional entrants, and our results of operations may be negatively affected. Additionally, our brands may be damaged if the products manufactured by other parties have quality issues.

We are generally restricted under the licence agreements from assigning, transferring or sub-licensing the rights to manufacture, distribute and/or sell products under the licensed marks. Our licence agreements in respect of the JEEP and Sideout brands also restrict us from granting retailers exclusive sales rights without the relevant licensor's consent. In addition, the SBPRC licence agreement requires us to comply with certain requirements prior to the engagement of a third-party manufacturer for the licensed products, such as notification of the details of the manufacturer to the relevant licensor or the requirement that the third-party manufacturer agrees to certain specified terms to protect the interests of the relevant licensor. The Sideout and Hallmark licence agreements require us to include certain standard provisions in our agreement with third-party manufacturers. We have not always followed these procedural requirements when we engaged third-party manufacturers. Separately, we are authorised under the licence agreements to distribute and sell the licensed products to certain targeted distribution channels permitted under the relevant licence agreements. As part of the manufacturing, distribution and sale process, we, through various companies within our Group and through third parties, manufacture the licensed products and distribute the licensed products to our self-operated retail points or to third-party retailers which then resell the products through retail points that they operate, using our branded displays and advertising, and we customarily grant third-party retailers the exclusive right to sell certain licensed products within a particular area.

As the relevant licensors or their agents are aware of our practice and business arrangements and in the past years have never objected to the use of these related-party and third-party manufacturing, distribution and sales channels, we believe the manufacture, distribution and sale of the licensed products through our Group companies and third parties, and the sale to third-party retailers which then resell the products using branded displays and advertising, are not prohibited under the relevant licence agreements as modified by the established course of dealings of the relevant parties,

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although they are not expressly permitted under the licences. However, if the licensors take the position that these activities breach the licences, they could seek damages or seek to terminate the licences. If the licensor of our JEEP or SBPRC brands sought either of the remedies described above and was successful in its action, this could have a material adverse impact on our business.

The licence agreements may impose other restrictions that may affect our ability to further expand. The licence agreement for the JEEP brand requires that JEEP is the only brand of automotive apparel products marketed and distributed by us to the targeted distribution channels, which are department store chains, independent specialty stores and specialty chains. Because of this restriction, we have not marketed or distributed, nor do we have any plan to market or distribute, any apparel products under another automotive brand to general consumers in the PRC retail market or to the targeted channels of distribution under the JEEP licence agreement. If we were to market and/or distribute apparel products under any other automotive brands licensed to or obtained by us in the future, this may subject the JEEP licence agreement to early termination and expose us to breach of contract claims.

Under the JEEP licence agreement, we as the licensee are required to, among other things, (i) achieve the minimum sales quota specified in the agreement; (ii) establish a minimum number of retail locations and flagship stores, the number of which increases every year during the term of the agreement; (iii) obtain licensor's approval if we distribute or offer the products to a retailer on an exclusive basis; and (iv) develop a detailed annual marketing plan for licensor's review and approval and spend at least 2% of gross sales or minimum sales quota, whichever is greater, on advertising JEEP products each year. In the event that we breach any of these requirements, the licensor has the right to terminate the agreement unless the breach is cured within 30 days. The SBPRC licence agreement contains similar requirements and any breach of which could give rise to the right of the licensor to early termination of the agreement. If we breach any of these restrictions or requirements, our right to use the licensed brands may be terminated, which will have a material and adverse effect on our business and operations.

We rely on third-party designers for the design of products under the SBPRC brand

We outsourced the design of products under the SBPRC brand to third-party designers during the Track Record Period. We have undertaken the design of products under other brands internally. We continue to engage the third-party designers for the SBPRC brand because of our long relationship with them. We believe these designers have the experience in designing products under the SBPRC brand and it is more cost-effective to continue such arrangement with these designers. If we fail to renew our contract with these designers, we may not be able to undertake the design of SBPRC products internally or engage other designers on a timely basis and in a cost-efficient manner, which may disrupt our production. Moreover, we cannot guarantee that the products under the SBPRC brand designed by us or by other designers will be equally successful in meeting consumer preferences. As a result, our business, financial condition and results of operations may be materially and adversely affected.

Our ability to obtain additional financing may be limited, which could delay or prevent the completion of one or more of our strategies

We have financed our working capital and capital expenditure needs primarily through cash generated from our operating activities, shareholders' loans and capital contributions during the

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Track Record Period. Our working capital needs and our capital expenditure needs may increase in the future as we continue to expand our business. Our ability to raise additional capital will depend on the financial success of our current business and the successful implementation of our key strategic initiatives, as well as financial, economic and market conditions and other factors, some of which are beyond our control. We may not be successful in raising any required capital on reasonable terms and at required times, or at all. If we are unsuccessful in raising additional capital or if new capital funding costs are higher than our prior capital funding costs, our business, financial condition and results of operations may be materially and adversely affected.

Our ability to retain our senior management team and attract and retain additional management and other qualified personnel is important to our success

Many members of our senior management team have been with us for a number of years. Their talent, effort, experience and leadership are critical to the success of our business. In particular, our key management personnel are crucial to our business. The loss of the services of any member of our key management personnel could have a material adverse effect on our ability to manage and develop our business and on our results of operations.

Our success and ability to expand our operations depend to a large extent upon our ability to attract, motivate and retain a sufficient number of qualified employees, including our senior managers who understand and appreciate our corporate culture and brands and are able to adequately represent our corporate culture and brands to our consumers. If we are unable to hire and retain such employees and workers capable of consistently providing a high level of consumer service, our ability to expand may be impaired and the performance of our existing and new retail points could be adversely affected. Additionally, any material increase in our employee turnover rates could have a material and adverse effect on our business, financial condition and results of operations.

Historical financial performance should not be used as an indicator for our future financial performance

Our gross profit margin for the years ended 31 December 2008, 2009 and 2010 was 70.3%, 70.6% and 76.3%, respectively. We cannot provide any assurance that we will continue to maintain our current profit margin if our operational costs continue to increase as a result of, among other factors, increased labour, manufacturing, raw materials or transportation costs. Likewise, our licensors may increase the amount of royalty payment when we renew the licence agreements. For instance, the licensor of the JEEP brand increased the royalty as a percentage of our sales when we renewed the agreement with it in 2010. Further increase in royalty fee may affect our profitability. We also cannot assure you that the brands which experienced high growth historically, such as JEEP, will continue to maintain such a strong growth. Sales of products under the SBPRC brand, for example, experienced high growth when we first launched the brand, but such growth had become stabilised and flattened during the Track Record Period as the brand matured. Our profit margins may also be negatively affected if we must, in the face of increasing competition, provide more sales discounts to our third-party retailers or reduce our retail prices. Further, if we are unable to sustain our brand recognition and a positive public perception of our brand, we may not be able to continue to enjoy the premium pricing for our products. In addition, our strategy for expanding our sales network and brands and product offerings may not be successful if we are unable to engage more third-party retailers and recruit a sufficient number of qualified design, sales and production employees.

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Prior dividend distributions are not an indication of our future dividend policy

In 2007, CEC Menswear HK and Faith Enterprise, two of our subsidiaries in Hong Kong, declared a dividend of RMB23 million in aggregate to their then equity holders, which was paid in 2008. Save as above, no other dividends were declared or paid by us during the Track Record Period.

On 2 June 2011, we declared dividends of HK\$90 million to our then existing shareholder, representing approximately 28% of our distributable profit for the year ended 31 December 2010. We intend to distribute these dividends after the Global Offering and such dividends will be funded by our available cash resource and will not be funded by the net proceeds of the Global Offering.

Historical dividend distributions are not indicative of our future distribution policy and we give no assurance that dividends of similar amounts or at similar rates will be paid in the future. The declaration of dividends is subject to the discretion of our Directors, and, if necessary, the approval of our Shareholders. The amount of dividends actually declared and paid will also depend upon our Group's earnings and cash flow, financial condition, capital requirements, investment requirements and any other conditions that our Directors may deem relevant. Any declaration and payment as well as the amount of dividends will also be subject to our Articles of Association and the Cayman Islands Companies Law. In addition, our future dividend payments will depend upon the availability of dividends received from our subsidiaries in the PRC, which are subject to restrictions imposed by PRC law, as described in “— Risks Relating to the PRC — Government control in currency conversion and future movements in foreign exchange rates may adversely affect our financial condition, results of operations, and ability to remit dividends” and “— Risks Relating to the PRC — Our Company is a holding company that relies heavily on dividend payments from our subsidiaries and the ability of our subsidiaries to pay dividends is restricted by PRC laws” below in this prospectus. For further details of our dividend policy, please refer to the section headed “Financial Information — Dividend policy” in this prospectus.

Our business is susceptible to seasonal fluctuations and unexpected and abnormal changes in climate

Our business is affected by seasonal trends, with relatively higher levels of sales for our winter and fall collections and lower levels of sales for our spring and summer collections because the unit selling price for our winter and fall apparel is generally higher than that for spring and summer apparel. We also record higher sales typically around holiday seasons such as the Chinese Labour Day, the Chinese New Year and the Chinese National Day. As a result, comparisons of sales and operating results between different periods within a single financial year, or between different periods in different financial years, are not necessarily meaningful and cannot be relied on as indicators of our performance. Any seasonal fluctuations reported in the future may not match expectations of our investors. This could cause the trading price of our Shares to fluctuate. In addition, since we operate largely on a seasonal cycle, if our raw materials suppliers or third-party manufacturers fail to deliver on a timely basis as a result of extreme and unseasonable weather conditions, sales for the season and our results of operations could be materially and adversely affected.

Our business is also susceptible to unexpected and abnormal changes in climate. For example, a warm winter may affect the sales of our winter products, while a cool summer may affect the sales of our summer products. These unexpected and abnormal changes in climate may affect the sales of our products that are timed for release during a particular season.

RISK FACTORS

We may be exposed to product liability claims

As of the Latest Practicable Date, all of our products were sold in the PRC. Under PRC law, we may be liable for product defects or quality issues as the manufacturer and/or seller of our products. We may be exposed to product liability claims or claim with respect to product quality and we may, as a result, have to expend significant financial and managerial resources to defend, settle and/or compensate such claims. We believe that the risk of product liability claims or claims with respect to product quality being brought against us may increase as consumer protection laws develop and the concept of product liability begins to develop and mature amongst consumers in the PRC. We may not have effective or sufficient control over the quality of our products, and we cannot give any assurance that our business, financial condition, results of operations and prospects will not be materially and adversely affected by a successful product liability claim against us. We may incur significant costs and expenses defending against product liability claims or entering into settlement agreements, and we may be fined or sanctioned, which could materially and adversely affect our reputation, business, financial condition and results of operations.

Our limited insurance coverage may not be sufficient to cover damages to our property and other risks related to our operations

We currently produce and store certain of our products in Dezhou, Shandong Province. We have self-owned properties and facilities in Beijing, Shanghai, Wuhan and Dezhou. In addition, our products were sold at retail points in approximately 227 cities in the PRC as at 31 December 2010. Our ability to meet the demands of, and to fulfill our contractual obligations to, our customers and third-party retailers and our ability to grow our business are heavily dependent on efficient, proper and uninterrupted operations at our administrative and production facilities, as well as the retail points owned and operated by us or those owned and operated by our third-party retailers. However, we are subject to hazards and risks that are commonly associated with our operations. Fire, power failure and power shortages, hardware and software failure, natural disasters such as floods, hurricanes, earthquakes, severe winter storms and droughts, acts of war, terrorist acts, political unrest and epidemics, and other events beyond our control would severely affect our ability to continue our operation and may adversely affect the sales at our retail points. We may also face the risk of loss, personal injuries, or damage to our properties, machinery and inventories due to the occurrence of any of the above events.

We currently maintain property insurance policies primarily in respect of our properties and inventories. Except when required by the relevant licence agreements, we generally do not maintain product liability insurance for our products. We do not maintain any business interruption insurance in the PRC. We cannot give assurance that our insurance policies are sufficient to cover all the risks associated with our operations. Losses incurred for liabilities not covered by our insurance policies may have a material and adverse effect on our business, financial condition and results of operations.

We are subject to risks in relation to transportation and warehousing services

Our third-party manufacturers directly deliver our products to retail points operated by third-party retailers primarily through third-party logistics companies, while we deliver products to our self-operated retail points either through our own logistics team or third-party logistics companies. Delivery disruptions to transport operators may occur due to various reasons beyond our control, including transportation bottlenecks, typhoon, flood, earthquakes and other natural disasters and

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labour strikes, and could lead to delayed or lost deliveries. In addition, our products may face the risk of theft or damage due to poor handling by us or the logistics companies. If our products are not delivered to the retail points on time, or are damaged during delivery, we may have to pay compensation and could lose business as well as suffer harm to our reputation.

We own four warehouses in Dezhou, Beijing, Shanghai and Wuhan, and lease three warehouses in Shanghai, Guangzhou and Chengdu. In other cities, we engage third-party warehousing services to store our products. Third-party warehousing exposes us to certain risks beyond our control, such as fire, theft, or natural disasters, which may damage our products. The loss of our products may make us unable to meet demands from consumers or third-party retailers and damage our reputation. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to acquire land to construct additional warehouses to improve our warehousing capacity as planned

We own four warehouses in Beijing, Shanghai, Wuhan and Dezhou and occupy three other warehouses in Shanghai, Guangzhou and Chengdu under leases. As part of our business expansion plan, we plan to expand our warehouses in Shanghai and Guangzhou and establish our main logistics centres in these two cities. However, our plan to expand our warehousing facilities and improve our warehousing capacity is subject to our ability to acquire additional land to construct these facilities. We have entered into a memorandum of understanding with an Independent Third Party to acquire a piece of land for the construction of a new warehouse in Shanghai. However, this land acquisition proposal is only at a preliminary stage and we have not entered into any definitive sale and purchase agreement in connection with the proposed acquisition. Our PRC legal adviser, Commerce & Finance Law Offices, has confirmed that the memorandum of understanding is not legally binding on the counterparty to sell and transfer the land to us. If we fail to proceed on the basis of the memorandum of understanding and enter into a definitive agreement with respect to the land, we may not be able to expand our warehousing capacity in Shanghai as we planned and our plan to improve our warehousing capacity may be adversely affected.

Some of the properties occupied or leased by us are subject to irregularities

As at 30 April 2011 we owned eight properties and leased 15 properties in the PRC for our operations. In relation to three of the properties owned by us, we do not hold valid title certificates. In relation to 10 of the properties leased by us, the lessors of the properties have not provided us with the relevant title documents. These properties are used by us as warehouse facilities, offices and operation of our self-operated retail stores. As confirmed by our PRC legal adviser, Commerce & Finance Law Offices, we will not be subject to any legal liabilities or penalties for using such properties without proper title certificates. However, we may be required to cease the occupation and usage of such properties, in which case we will have to relocate to other premises.

In addition, five of the leased contracts with respect to our leased properties have not been registered with the relevant PRC authorities. According to our PRC legal adviser, Commerce & Finance Law Offices, the relevant PRC authorities may require us to apply for such registrations within a stipulated time. If we fail to do so, we may be liable for a fine of RMB1,000 or above per incident.

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Separately, we have entered into a number of intra-group leases and two of which have not been registered with the relevant PRC authorities. As in the case for lease contracts entered into with external parties, we may be liable to a fine of RMB1,000 or above per incident if we fail to register them within a time stipulated by the relevant authorities. See the section headed “Business — Properties” in this prospectus for further details about our properties.

Our financial condition and results of operations may be adversely impacted by the changes in the PRC laws and regulations on the sales tax

Sales tax in the PRC mainly includes the urban maintenance and construction tax and the education surcharge, which is levied based on the turnover tax, such as the value-added tax and business tax. Three of our PRC subsidiaries, Shanghai Doright, London Fog Shanghai and Dezhou Sino-Union, as foreign-invested enterprises, were exempted from the urban maintenance and construction tax and the education surcharge before 1 December 2010. However, under the Circular of the State Council on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals (Guo Fa [2010] No.35)* (國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知國發[2010]35號), which came into effect from 1 December 2010, these three PRC Operating Subsidiaries are subject to the urban maintenance and construction tax and the education surcharge. The applicable tax rate of the urban maintenance and construction tax for Shanghai Doright, London Fog Shanghai and Dezhou Sino-Union is 1%, 1% and 7%, respectively. The applicable tax rate of education surcharge for each of these three subsidiaries is 5%. As a result, the percentage of sales tax over total sales increased significantly from 0.2% for the year ended 31 December 2010 to 0.7% for the four months ended 30 April 2011 and we forecasted sales tax of approximately RMB4.0 million for the six months ending 30 June 2011.

We cannot assure you that the PRC government will not change the existing laws or regulations or impose additional or stricter tax laws or regulations. If our PRC Operating Subsidiaries have to pay more taxes as a result of changes in the relevant PRC tax law and regulations, our financial condition, results of operations and profitability may be adversely affected.

RISKS RELATING TO OUR INDUSTRY

Fluctuations in consumer spending caused by changes in macroeconomic conditions in the PRC may significantly affect our business, financial condition, results of operations and prospects

We derive all of our revenue from sales of our products in the PRC. The success of our business depends on the condition and growth of the PRC consumer market, which, in turn, depends on worldwide economic conditions and individual income levels in the PRC and their impact on levels of consumer spending. There are many factors affecting the level of consumer spending, including but not limited to interest rates, currency exchange rates, recession, inflation, deflation, political uncertainty, taxation, stock market performance, unemployment level and general consumer confidence.

Economic conditions and consumer confidence deteriorated significantly in many countries and regions due to a worldwide financial crisis and economic downturn beginning in 2007. Economic growth in the PRC slowed down accordingly due to the impact of the worldwide financial crisis. The

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PRC economy has, to a certain extent, recovered after the financial crisis. However, there is no guarantee that the recovery will continue or be sustained. In particular, there can be no assurance that the robust growth rates that the PRC economy and the PRC consumer market have achieved in the past will be achieved in the future. Any further slowdowns or declines in the PRC economy or consumer spending may materially and adversely affect our business, financial condition and results of operations.

We operate in a very competitive market and face intense competition

The menswear industry in the PRC is highly competitive, and the competitors in this market include both international and domestic companies. We compete against our competitors primarily on brand loyalty, product variety, product design, product quality, marketing and promotion, price and the ability to meet delivery commitments to retail points. Some of our competitors may have greater financial, management, human, distribution or other resources than us. Our results of operations could be affected by a number of competitive factors, including our competitors increasing their operational efficiencies, adopting competitive pricing strategies, expanding their operations, or adopting innovative retail sales methods or product designs. In addition, our competitors may endeavour to maintain and increase their market share, which may be at our expense. Our results of operations and market position may be adversely impacted by these competitive pressures.

RISKS RELATING TO THE PRC

Almost all of our assets are located in the PRC, and all of our revenue is derived from our operations in the PRC. Accordingly, our business, financial condition, results of operations and prospects are subject, to a significant extent, to economic, political and legal developments in the PRC.

PRC economic, political and social conditions, as well as government policies, could adversely affect our business

The PRC economy differs from the economies of most developed countries in many respects, including, among others, its structure, amount of government involvement, level of development, growth rate, level of capital reinvestment, control of foreign exchange and allocation of resources.

While the PRC economy has experienced significant growth in the past two decades, growth has been uneven, both geographically and among various sectors of the economy. The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Since the late 1970s, the PRC government has implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises. However, a substantial portion of productive assets in the PRC is still owned by the PRC government.

The PRC government exercises significant control over economic growth through the allocation of resources, controlling payment of foreign currency denominated obligations, setting monetary and industrial policies and providing preferential treatment to particular industries or companies. For example, since late 2003, the PRC government has implemented a number of measures, such as increasing the People's Bank of China's statutory deposit reserve ratio and imposing commercial bank lending guidelines, which had the effect of slowing the growth of credit availability. In 2008 and 2009, in response to the global financial crisis, the PRC government loosened such

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requirements. However, in recent years, the PRC government has increased the deposit reserve ratio several times including most recently on 25 March 2011, 21 April 2011 and 12 May 2011, in each case by 0.5%, to control the growth of the PRC economy. Any future actions and policies adopted by the PRC government may materially affect the PRC economy and slow the growth of specific sectors of the economy, including the consumer goods and apparel market sector. We cannot predict the future direction of economic reforms or the effects that any such measures may have on our business, financial condition or results of operations.

Demand for our products and our business, financial condition, results of operations and prospects may also be materially and adversely affected by the following factors:

- political instability or changes in social conditions of the PRC;
- changes in laws, regulations, and administrative directives or the interpretation thereof;
- measures which may be introduced to control inflation or deflation;
- changes in the rate or method of taxation; and
- reduction in tariff protection and other import and export restrictions.

These factors are affected by a number of variables which are beyond our control.

Government control in currency conversion and future movements in foreign exchange rates may adversely affect our financial condition, results of operations, and ability to remit dividends

Most of our revenue and expenditure are denominated in Renminbi, which is currently not a freely convertible currency. However, we import certain materials for the production of some of our products. In addition, we will require foreign currencies for dividend payments (if any) to our Shareholders. As a result, we are exposed to foreign currency fluctuations.

In the PRC, since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong and US dollars, has been based on rates set by the People's Bank of China. Since 1994, the official exchange rate for the conversion of Renminbi to US dollars has generally been stable. However, the Chinese government has, with effect from 21 July 2005, reformed the exchange rate regime by moving into a managed floating exchange regime based on market supply and demand with reference to a basket of currencies. On 21 July 2005, this revaluation resulted in the Renminbi appreciating against the US dollar and Hong Kong dollar by approximately 2.0%. On 23 September 2005, the Chinese government widened the daily trading band for Renminbi against non-US dollar currencies from 1.5% to 3.0% to improve the flexibility of the new foreign exchange system. The Renminbi appreciated about 6.9%, 0.1% and 3.1% against the US dollar in 2008, 2009 and 2010, respectively. A significant depreciation of Renminbi will, on the other hand, increase the cost of imported raw materials and affect our capability to remit dividends.

In addition, Renminbi is not freely convertible into other currencies, except under certain circumstances. Since 1996, a number of rules, regulations and notices regarding foreign exchange control (the "Exchange Regulations") have been issued by the PRC government which are designed to allow a degree of convertibility of Renminbi. Under the Exchange Regulations, foreign investment enterprises are permitted to convert Renminbi to foreign currencies for current account transactions (including, for example, distribution of profits and payment of dividends to foreign investors) through designated foreign exchange banks by complying with various procedural requirements.

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Control over conversion of Renminbi to foreign currencies for capital account transactions (including, for example, direct investment, loan and investment in securities) is more stringent, and such conversion is subject to a number of limitations. Under the current foreign exchange control system, there is no absolute guarantee that we will be able to obtain sufficient foreign currency to pay dividends or satisfy other foreign exchange requirements in the future.

We may be treated as a PRC tax resident enterprise under the EIT Law, which may subject us to PRC income taxes on our worldwide income

We are a holding company incorporated under the laws of the Cayman Islands. Under the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) effective 1 January 2008 (the “EIT Law”) and its implementation rules, enterprises organised under the laws of jurisdictions outside the PRC with their “de facto management bodies” located within the PRC may be considered “PRC tax resident enterprises” and subject to a uniform 25% PRC income tax on their worldwide income.

The implementation rules to the EIT Law define the term “de facto management body” as “body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and treasury, and acquisition and disposition of properties and other assets of an enterprise. In April 2009, the State Administration of Taxation of the PRC (“SAT”) issued a circular on “Identifying Chinese-Controlled Offshore Enterprises as Chinese Resident Enterprises in accordance with Criteria for Determining Place of Effective Management”, which sets out certain criteria for specifying what constitutes a “de facto management body” in respect of enterprises that are established offshore by PRC enterprises. However, no such criteria are provided in the circular or other publications in respect of enterprises established offshore by private individuals or foreign enterprises like us. As a result, Commerce & Finance Law Offices, our PRC legal adviser, has advised us that it is unclear whether we will be deemed to be a “PRC tax resident enterprise” for the purpose of the EIT Law even though substantially all of the operational management of our Company is currently based in the PRC. If our Company were treated as “PRC tax resident enterprise”, our Company will be subject to PRC income taxes on its worldwide income, which may adversely affect our profitability and distributable profit to Shareholders.

Dividends payable by us to our non-PRC investors and gains on the sale of our Shares may become subject to withholding taxes under PRC tax laws

Under the EIT Law and its implementation rules issued by the State Council, PRC withholding tax at the rate of 10% is applicable to dividends payable by “PRC tax resident enterprises” to investors that are “non-resident enterprises”, that is, investors that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends have their source within the PRC. Similarly, any gain realised on the transfer of shares of “PRC tax resident enterprises” by such investors is also subject to a PRC withholding tax, usually at rate of 10% unless otherwise reduced or exempted by relevant tax treaties or similar arrangements, if such gain is regarded as income derived from sources within the PRC.

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As advised by Commerce & Finance Law Offices, our PRC legal adviser, there is uncertainty whether we will be considered a “PRC tax resident enterprise” for the purpose of the EIT Law. As a result, it is unclear whether dividends paid on our Shares, or any gain realised from the transfer of our Shares, would be treated as income derived from sources within the PRC and would as a result be subject to PRC withholding tax. If we are considered a “PRC tax resident enterprise”, then any dividends paid to our Shareholders that are “non-resident enterprises” and any gains realised by them from the transfer of our Shares may be regarded as income derived from PRC sources and, as a result, would be subject to a 10% PRC withholding tax, unless otherwise reduced or exempted. It is unclear whether, if we are considered a “PRC tax resident enterprise”, our Shareholders would be able to claim the benefit of income tax treaties or agreements entered into between PRC and other countries or regions. If dividends payable to our non-PRC Shareholders that are “non-resident enterprises”, or gains from the transfer of our Shares are subject to PRC tax, the value of your investment in our Shares may be materially and adversely affected.

Our dividend income from our PRC subsidiaries may be subject to a higher rate of withholding tax than that is currently imposed on us

Under the EIT Law and its implementation rules, PRC withholding tax at the rate of 10% is applicable to dividends paid by PRC enterprises to their foreign shareholders who are not “PRC tax resident enterprises”, unless the jurisdiction of such foreign shareholders has a tax treaty or similar arrangement with the PRC that provides for a different withholding arrangement and the foreign shareholder obtains approval from competent local PRC tax authorities for application of such tax treaty or similar arrangement.

According to the Arrangement on Avoidance of Double Taxation and Tax Evasion between Mainland and Hong Kong, if a Hong Kong incorporated entity directly holds 25% or more in a PRC entity, a lower rate of no more than 5% will be applied to the dividend made by the PRC entity to such Hong Kong entity. The determination of beneficial ownership is clarified under the “Notice on Understanding and Determining Beneficial Owners”, which expressly excludes from the definition of beneficial owners a “conduit company”, or any company established for the purposes of avoiding or reducing tax obligations or transferring or accumulating profits and not engaged in actual operations such as manufacturing, sales or management.

We invest in our PRC subsidiaries through our subsidiaries incorporated in Hong Kong. Starting from 2008, certain of our PRC Operating Subsidiaries pay 5% withholding tax on their distributable profits. Our PRC legal adviser has advised us that it is uncertain whether our Company will continue to be considered as a beneficial owner and there is no assurance that the tax authority will not impose a higher withholding tax rate of 10% on our dividend income from our PRC subsidiaries. If the dividends from our PRC subsidiaries are subject to higher withholding tax under the EIT Law, our financial condition and results of operations could be adversely affected.

It may be difficult to effect service of process upon us or our Directors who reside in China or to enforce against them or us in China any judgments obtained from non-Chinese courts

Several of our executive Directors reside within China, and substantially all of their assets and substantially all of our assets are located within China. It may therefore be difficult for investors to effect service of process upon us or such executive Directors in China. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts within the United

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States, the United Kingdom or most other Western countries. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. Therefore, it may be difficult for investors to enforce any judgments obtained from non-Chinese courts against us or our executive Directors in China.

Our Company is a holding company that relies heavily on dividend payments from our subsidiaries and the ability of our subsidiaries to pay dividends is restricted by PRC laws

Our Company is a holding company incorporated in the Cayman Islands. We operate our business primarily through our subsidiaries in the PRC. Therefore, the availability of funds to enable us to pay dividends to our Shareholders and to service our indebtedness depends upon dividends received from these subsidiaries. If our subsidiaries incur indebtedness or losses, such indebtedness or losses may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends and to service our indebtedness will be restricted.

In addition, PRC laws require that dividends be paid only out of net profit calculated according to PRC accounting principles, which differ in many respects from generally accepted accounting principles in other jurisdictions, including IFRSs. PRC laws also require enterprises incorporated in the PRC to set aside at least 10% of their after-tax profit based on PRC accounting standards each year to their respective statutory reserve funds until the cumulative amount of such reserves reaches 50% of their respective registered capital. These statutory reserves are not available for distribution as cash dividends. In addition, restrictive covenants in bank credit facilities or other agreements or debt instruments that our subsidiaries may enter into or issue in the future may also restrict the ability of our subsidiaries to make contributions to us and hence, our ability to receive distributions. Therefore, these restrictions on the availability and usage of our major source of funding may impact our ability to pay dividends to our Shareholders and to service our indebtedness.

We face uncertainty with respect to transfers of equity interests in PRC resident enterprises by their non-PRC holding companies

On 30 April 2009, the Ministry of Finance and the State Administration of Taxation of the PRC jointly issued the Notice on Issues Concerning Process of Enterprise Income Tax in Enterprise Restructuring Business* (關於企業重組業務所得稅處理若干問題的通知) (the “Notice 59”), which became effective retroactively on 1 January 2008. Pursuant to the Notice 59 and relevant rules and regulations, the transfer of equity interests in certain PRC subsidiaries held by offshore subsidiaries of a group to other offshore subsidiaries of the same group may be subject to a 10% enterprise income tax on capital gains, which may be determined as the difference between the fair value of the equity interest transferred and the cost of investment.

On 10 December 2009, the State Administration of Taxation of the PRC issued the Notice on strengthening the Management on Enterprise Income Tax for Non-resident Enterprises Equity Transfer* (關於加強非居民企業股權轉讓所得企業所得稅管理的通知) (the “Notice 698”), which became effective retroactively on 1 January 2008. The Notice 698 clarified how the capital gains should be calculated regarding the equity transfer, directly or indirectly, of a resident enterprise by non-resident enterprises. For transfers of equity interest in a PRC resident enterprise between related parties, the PRC tax authorities have the discretion to make adjustments to the taxable capital gains if the transfer price is deemed not being determined on an arm’s length basis. In addition, if a non-resident foreign investor indirectly transfers equity interests in a PRC resident enterprise by

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selling equity interests in an offshore holding company which is located in a jurisdiction where the tax rate is lower than 12.5% or where offshore income is not taxable, it requires that the vendor of the foreign holding company (which holds, directly or indirectly, equity interest in a PRC resident enterprise) to make a submission to the PRC tax authorities within 30 days after signing of the equity transfer agreement, if certain conditions are met. The State Administration of Taxation of the PRC is entitled to redefine the nature of such indirect equity transfer and impose enterprise income tax on the seller of the foreign target company if it determines that such indirect transfer is carried out without reasonable commercial intention and evades enterprise income tax by abusing corporate structures. If the relevant company fails to report the transaction to the local PRC tax authority, it may be subject to a fine of up to RMB10,000.

In preparation of the Global Offering and starting from 2009, we carried out a series of transactions constituting the Corporate Reorganisation as described in the section headed “Corporate Reorganisation” in Appendix VI to this prospectus, which may involve transfer of shares in an offshore holding company of a PRC tax resident enterprise, which may fall into the type of transactions subject to Notice 698’s regulation. In addition, we may need to carry out transactions to further reorganise our offshore structure in the future as required by our business expansion.

We are of the view that our Corporate Reorganisation for the Global Offering is for bona fide commercial reason and we intend to carry out any future reorganisation for genuine commercial reasons. However, it is currently unclear how the relevant PRC tax authorities will implement or enforce the above Notices and whether such enterprise income tax on capital gains will be subject to any further change. In case we are required to pay the enterprise income tax on capital gains by the relevant PRC tax authorities, our tax liability may increase and our business, financial condition and operating results may be materially and adversely affected.

PRC regulations of direct investment and loans by offshore holding companies to PRC entities may delay or limit us from using the net proceeds from the Global Offering to make additional capital contributions or loans to our PRC subsidiaries

Any capital contributions or loans that we, as an offshore entity, make to our PRC subsidiaries, including from the net proceeds from the Global Offering, are subject to PRC regulations. For example, the combined outstanding amounts of loans that we provide to a single foreign invested PRC subsidiary cannot exceed the difference between the total amount of investment such PRC subsidiary is approved to make under relevant PRC laws and the registered capital of such PRC subsidiary, and such loans must be registered with the local branch of SAFE. In addition, any increase by us in the registered capital of any of our PRC subsidiaries must be approved by MOFCOM or its local counterpart. We cannot assure you that we will be able to complete these registrations or obtain these approvals on a timely basis, or at all. If we fail to complete these registrations or obtain such approvals, our ability to provide loans or make equity contributions to our PRC subsidiaries to fund their operations may be negatively affected, which may adversely affect our PRC subsidiaries’ liquidity and ability to fund their working capital and expansion and meet their obligations and commitments and would have a material adverse effect on our business, financial condition and results of operations.

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Interpretation of PRC laws and regulations involves uncertainty that could adversely affect our business and results of operations and the value of our Shares and limit the legal protections available to investors

The PRC legal system is a civil law system based on written statutes. Unlike common law systems, it is a system in which prior court decisions have limited precedential value. Since 1979, the PRC government has promulgated laws and regulations governing economic matters in general such as foreign investment, corporate organisation and governance, commerce, taxation and trade. These laws and regulations have significantly enhanced the protections afforded to various forms of foreign investment in the PRC in general and wholly foreign-owned enterprises in particular. Many of these laws, regulations and legal requirements are relatively new and because of the limited volume of published cases and their non-binding nature, interpretation and enforcement of these laws and regulations involve greater uncertainties than those in jurisdictions under common law systems. These uncertainties may limit the legal protections available to us and to investors. We cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national laws. Any changes to such laws and regulations may materially increase our cost and regulatory exposure in complying with them.

Changes in existing laws and regulations or additional or stricter laws and regulations on environmental protection in China may cause us to incur additional capital expenditures

We manufacture some of our products and are subject to PRC environmental protection laws and regulations. These laws and regulations require enterprises engaged in manufacturing that may discharge environmental waste to adopt effective measures to control and properly dispose of such waste. The administrative department for environmental protection can levy fines on enterprises which fail to comply with such laws and regulations resulting in environmental pollution. If the non-compliance is serious, the government authority also has the discretion to close such operation. There can also be no assurance that the PRC government will not change the existing laws or regulations or impose additional or stricter laws or regulations. Compliance with any of these additional or stricter laws or regulations may cause us to incur additional capital expenditure costs, which we may be unable to pass on to our customers through higher prices for our products.

Any recurrence of severe acute respiratory syndrome, or SARS, pandemic avian influenza or an increase in the severity of H1N1 flu (swine flu) or another widespread public health problem could materially and adversely affect our business and results of operations

From November 2002 to June 2003, the PRC and certain other countries and regions experienced an outbreak of a new and highly contagious form of atypical pneumonia known as SARS. On 5 July 2003, the World Health Organisation declared that the SARS outbreak had been contained. However, a number of isolated cases of SARS were reported in the PRC in April 2004. A renewed outbreak of SARS, pandemic avian influenza or an increase in the severity of H1N1 flu (swine flu) or another widespread public health problem in the PRC, particularly at the locations of our operations and headquarters, could have a negative effect on customer traffic in our retail points, the sales of our products and our operations. Our operations may be affected by a number of health-related factors, including quarantines or closures of some of our offices and manufacturing facilities, which would severely disrupt our operations, travel restrictions, the sickness or death of our key officers or employees, import and export restrictions and a general slowdown in the PRC's

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economy. Additionally, the World Health Organisation or the PRC government may recommend or impose other measures that could cause significant interruption to our business operations. Any of the foregoing events or other unforeseen consequences of public health problems could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares

Prior to the completion of the Global Offering, there has been no public market for our Shares. The initial Offer Price range of the Offer Shares, and the Offer Price, will be the result of negotiations between us (for ourselves and on behalf of the Selling Shareholders) and the Sole Global Coordinator (for itself and on behalf of the Underwriters), which may differ from the market price of our Shares after the Global Offering. There is no assurance that the listing of our Shares on the Hong Kong Stock Exchange will result in the development of an active and liquid public trading market for our Shares following the Global Offering or in the future or, if it does develop, that it will be sustained after the listing or that the market price of our Shares will not decline below the Offer Price.

The Controlling Shareholders may take actions that are not in, or may conflict with, public Shareholders' best interests

Immediately after the completion of the Global Offering and the Capitalisation Issue, the Controlling Shareholders will own an aggregate of approximately 50.13% of our Shares, assuming the Over-allotment Option is not exercised. Therefore, the Controlling Shareholders will continue to be able to exercise controlling influence over our business through their ability to control actions which do not require the approval of other Shareholders. The Controlling Shareholders will also be able to control the election of our Directors, determine the timing and amount of our dividends, if any, and pass resolutions to acquire or merge with another company not connected with the Controlling Shareholders. Furthermore, the Controlling Shareholders may cause us to take actions that are not in, or may conflict with, the interests of us or our other Shareholders, which may place our other Shareholders in a disadvantageous position.

The liquidity and market prices of our Shares following the Global Offering may be volatile

The price and trading volume of our Shares may be highly volatile. The market price for our Shares may be influenced by many factors, some of which are beyond our control, including those described above under "Risks Relating to Our Business", actual or anticipated fluctuations in our or our competitors' operating results, announcements by us or our competitors of new products, capacity changes, significant contracts, acquisitions, strategic alliances or strategic investments, our and our competitors' growth rates, the financial market and general economic conditions, changes in stock market analyst recommendations regarding us, our competitors or the menswear industry generally, or lack of analyst coverage on our Shares, the menswear industry in the PRC, additions or departures of our key personnel, release of lock-up or other transfer restrictions on our outstanding Shares or sales of additional Shares, potential litigation or regulatory investigations, fluctuations in market prices for our products or the costs of raw materials and changes in accounting principles.

Any such developments may result in large and sudden changes in the volume and price at which our Shares will trade. We can give no assurance that these developments will not occur in the future. In addition, shares of other companies listed on the Stock Exchange with significant operations and

RISK FACTORS

assets in the PRC have experienced substantial price volatility in the past, and it is possible that our Shares will be subject to changes in price that may not be directly related to our financial or business performance. Further, there has been significant volatility in the market price and trading volume of securities of companies operating in the menswear industry, which has often been unrelated to the operating performance of particular companies. As a result of these factors, you may not be able to resell your Shares above the Offer Price and you may suffer losses on your investment.

Sales or anticipated future sales of substantial amounts of our Shares in the public market after the Global Offering could adversely affect the prevailing market price of the Shares

Immediately after completion of the Capitalisation Issue and the Global Offering, we will have 3,726,750,000 Shares in issue, of which 931,800,000 Shares, or approximately 25%, will be held by investors participating in the Global Offering and an aggregate of 2,794,950,000 Shares, or approximately 75%, will be held by our existing Shareholders, assuming the Over-allotment Option is not exercised. The Offer Shares issued in the Global Offering will be eligible for immediate resale in the public market in Hong Kong without restriction, while the Shares held by our Controlling Shareholders may be sold in the public market subject to the disposal restrictions under Rule 10.07 of the Listing Rules (including but not limited to the lock-up requirement during the period commencing on the date by reference to which disclosure of their Shareholding is made in this prospectus and ending on the date which is six months after the Listing Date) and contractual lock-up as further described in the section headed “Underwriting” in this prospectus and the Shares held by our other existing Shareholders are subject to contractual lock-up as further described in the section headed “Underwriting” in this prospectus. If the existing Shareholders sell, or are expected to sell, a substantial amount of Shares, the prevailing market price of our Shares could be adversely affected. Such sales, or expected future sales, also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate.

Certain facts, forecasts and other statistics with respect to China, China’s economy and the menswear industry in this prospectus are derived from various government and official resources, government publications and other publications and may not be reliable

Certain facts, forecasts and other statistics in this prospectus relating to China, China’s economy and the menswear industry have been derived from various government and official sources generally believed to be reliable. However, we cannot assure you the quality or reliability of such source materials. While our Directors have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such government or official resources, they have not been prepared or independently verified by us, the Sole Global Coordinator or the Underwriters, nor any of our or their respective affiliates or advisers and, therefore, we and they make no representation as to the accuracy or completeness of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside China. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, such statistics may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy or completeness as may be the case elsewhere. Nonetheless, our Directors have taken reasonable care in compiling and reproducing these facts, forecasts and statistics in this prospectus from the official government publications.

RISK FACTORS

In all cases, you should give consideration as to how much weight or importance you should attach to or place on such facts, forecasts or statistics derived from the official government publications and should not place undue reliance on any of such information and statistics.

We are incorporated under Cayman Islands law, and Cayman Islands law may not provide the same protection to minority shareholders as the laws of Hong Kong and other jurisdictions

Our corporate affairs are governed by our Memorandum of Association and Articles of Association, and by the Cayman Companies Law, and the common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes and under judicial precedents in Hong Kong or other jurisdictions. Such differences may mean that our minority shareholders may have different remedies and may not be offered the same protection as they would have under the laws of Hong Kong or other jurisdictions. For example, the Cayman Islands does not have a statutory equivalent of Section 168A of the Hong Kong Companies Ordinance, which provides a remedy for shareholders who have been unfairly prejudiced by the conduct of a company's affairs. For more details, please refer to the section headed "Summary of the Constitution of our Company and Cayman Islands Companies Law" in Appendix V to this prospectus.

Since the Offer Price of the Offer Shares is higher than the net tangible book value per Offer Share, you will experience immediate dilution

Assuming that the Over-allotment Option is not exercised, without taking into account any changes in our net tangible assets after 31 December 2010 other than to give effect to the Capitalisation Issue and the sale of our Shares pursuant to the Global Offering, and assuming an Offer Price of HK\$2.20 (being the mid-point of the indicative Offer Price range), and after deduction of estimated underwriting fees and expenses, the pro forma adjusted combined net tangible assets of our Company as at 31 December 2010 would have been approximately HK\$2,280.6 million, or a pro forma adjusted net tangible assets of HK\$0.61 per Share. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution of HK\$1.59 per Share, representing the difference between the Offer Price and the pro forma net tangible assets per Share. If the Underwriters exercise the Over-allotment Option or if we issue additional Shares in the future, purchasers of our Shares may experience further dilution.

The exercise of options granted or to be granted under our Pre-IPO Share Option Scheme and Share Option Scheme may result in dilution to our Shareholders or may impact our future earnings

We have adopted the Pre-IPO Share Option Scheme under which we have conditionally granted options to our Directors and employees to subscribe for an aggregate of 363,200,000 Shares, representing approximately 9.75% of the enlarged issued share capital of our Company as at the

RISK FACTORS

Listing Date, without taking into account of any Shares which may fall to be allotted and issued upon the exercise of the Over-allotment Option. Details of the Pre-IPO Share Option Scheme are set out in the section headed “Appendix VI — Statutory and General Information — Pre-IPO Share Option Scheme” in this prospectus.

We have adopted the Share Option Scheme under which we are entitled to grant to our executive directors, eligible employees and other eligible persons options to subscribe 9,475,000 Shares. This, together with the options granted under our Pre-IPO Share Option Scheme, allow the grantees to subscribe for an aggregate of 372,675,000 Shares, representing 10% of the issued share capital of our Company as at the Listing Date, without taking into account any Shares which may fall to be allotted and issued upon the exercise of the Over-allotment Option. Details of the Share Option Scheme are set out in “Appendix VI — Statutory and General Information — Share Option Scheme” to this prospectus.

Issuance of Shares pursuant to the exercise of the options granted or to be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme will result in an increase in the number of Shares in issue after the issuance and thereby will cause dilution to the percentage of ownership of the existing Shareholders, the earnings per share and net asset value per Share.

Under the IFRSs, the fair value of share options granted to employees of our Group is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date. As a result, our future earnings may be adversely affected.

You should read this entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding our Group and the Global Offering

Prior to the publication of this prospectus, there has been press and media coverage regarding our Group and the Global Offering, which contained, among other things, certain financial information, projections, valuations and other forward-looking information about our Group and the Global Offering. We have not authorised the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about our Group or the Global Offering, or of any assumptions underlying such projections, valuations or other forward-looking information included in or referred to by the press articles or other media. Accordingly, you are cautioned that, in making your decisions as to whether to purchase our Offer Shares, you should rely only on the financial, operational and other information included in this prospectus. By applying to purchase our Shares in this Global Offering, you will be deemed to have agreed that you will not rely on any information other than the information contained in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to us. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief:

- the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive;
- there are no other matters the omission of which would make any statement herein or in this prospectus misleading; and
- all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

INFORMATION ON THE GLOBAL OFFERING

The Offer Shares are offered for subscription and sale solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, any of their respective directors, agents, employees or advisers or any other parties involved in the Global Offering.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offer. For applicants under the Hong Kong Public Offer, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offer.

The listing of our Shares on the Stock Exchange is sponsored by the Sole Sponsor. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters, subject to agreement on the Offer Price between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us (for ourselves and on behalf of the Selling Shareholders) on the Price Determination Date. The International Purchase Agreement is expected to be entered into on or about the Price Determination Date. Further details about the Underwriters and the underwriting arrangements are contained in the section headed "Underwriting" in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which is expected to be determined by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us (for ourselves and on behalf of the Selling Shareholders) on the Price Determination Date, or such later time as may be agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us (for ourselves and on behalf of the Selling Shareholders), and in any event, no later than Tuesday, 28 June 2011.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

If we (for ourselves and on behalf of the Selling Shareholders) and the Sole Global Coordinator (for itself and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price on or before Tuesday, 28 June 2011, the Global Offering will not become unconditional and will lapse.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares which may fall to be issued under the Over-allotment Option), Shares to be issued pursuant to the Capitalisation Issue and Shares which may be issued under the Pre-IPO Share Option Scheme and the Share Option Scheme. Save as disclosed in this prospectus, no part of our share or loan capital is listed on or dealt in on any other stock exchange. At present, we are not seeking or proposing to seek such listing of, or permission to deal in, our share or loan capital on any other stock exchange.

HONG KONG REGISTER OF MEMBERS

Our register of members holding Shares will be maintained by our Cayman Islands share registrar, Walkers Corporate Services Limited, in the Cayman Islands, and our register of members holding listed Shares will be maintained by our Hong Kong Share Registrar, Tricor Investor Services Limited, in Hong Kong.

STAMP DUTY

Dealings in our Shares registered on our Hong Kong register of members will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty is 0.1% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the vendor on every sale of the Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares should consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of and dealing in the Shares. It is emphasised that none of us, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, any of our and their respective directors, agents or advisers or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities of holders of the Shares resulting from the subscription, purchase, holding or disposal of the Shares.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

OVER-ALLOTMENT AND STABILISATION

Details of the over-allotment and stabilisation are set out in “Over-allotment Option” and “Stabilisation” paragraphs in the section headed “Structure of the Global Offering” in this prospectus.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedure for applying for the Hong Kong Offer Shares is set out in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure of the Global Offering” in this prospectus.

CURRENCY TRANSLATIONS

In this prospectus, unless otherwise stated, certain amounts denominated in Renminbi and US dollars have been translated into Hong Kong dollars at an exchange rate of RMB0.8337 = HK\$1.00 or HK\$7.75 = US\$1.00, respectively, for illustration purpose only. Such conversions shall not be construed as representations that amounts in Renminbi or US dollars were or could have been or could be converted into Hong Kong dollars at such rates or any other exchange rates on the relevant dates.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

LANGUAGE

If there is any inconsistency between the Chinese names of entities or enterprises established in China and their English translations, the Chinese names shall prevail. The English translation of company names in Chinese or another language which are marked with “*” and the Chinese translation of company names in English which are marked with “*” are for identification purpose only.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

| Name | Address | Nationality |
|--|--|-------------|
| <i>Executive Directors</i> | | |
| LO Peter (路嘉星先生) | Flat A, 16/F Tower 1 Park Towers 1 King's Road Hong Kong | Chinese |
| ZHANG Yongli (張永力先生) | No. 911, 2/F No. 28 Yuan Beiwa Road Haidian District Beijing PRC | Chinese |
| SUN David Lee (孫如暉先生) | Flat B11, 6/F Po Shan Mansion 10 Po Shan Road Hong Kong | Chinese |
| HUANG Xiaoyun (黃曉雲女士) | Room 803, 78 Yuesheng Street Tianhe District Guangzhou PRC | Chinese |
| <i>Non-executive Director</i> | | |
| LI Guoqiang (李國強先生) | Room 306, Block 2, Dianli Garden Chuangye Road, Nanshan District Shenzhen PRC | Chinese |
| <i>Independent non-executive Directors</i> | | |
| KWONG Wilson Wai Sun (鄺偉信先生) | Flat A, 2/F, Hau Yuen 51 Shouson Hill Road Shouson Hill Hong Kong | Chinese |
| CUI Yi (崔義先生) | Flat A, Block 11, G/F Deep Bay Grove 233 Deep Bay Road Lau Fau Shan New Territories Hong Kong | Chinese |
| YEUNG Chi Wai (楊志偉先生) | Flat B, 7/F, Block 2 Elegant Terrace 36 Conduit Road Mid-levels Hong Kong | Chinese |

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

| | |
|--|---|
| Sole Global Coordinator, Sole Sponsor, Sole Bookrunner and Lead Manager | UBS AG, Hong Kong Branch 52 nd Floor, Two International Finance Centre 8 Finance Street, Central Hong Kong |
| Legal advisers to our Company | <i>As to Hong Kong and United States law:</i> Herbert Smith 23 rd Floor, Gloucester Tower 15 Queen's Road Central Hong Kong <i>As to PRC law:</i> Commerce & Finance Law Offices 6 th Floor, NCI Tower A12 Jianguomenwai Avenue Chaoyang District Beijing 100022 PRC <i>As to Cayman Islands law and BVI law:</i> Walkers 15 th Floor, Alexandra House 18 Chater Road, Central Hong Kong |
| Legal advisers to the Underwriters | <i>As to Hong Kong and United States law:</i> Hogan Lovells 11 th Floor, One Pacific Place 88 Queensway Hong Kong <i>As to PRC law:</i> Jingtian & Gongcheng Attorneys at Law 34/F, Tower 3, China Central Place, 77 Jianguo Road, Chaoyang District, Beijing 100025, China |
| Auditors and reporting accountants | Ernst & Young Certified Public Accountants 18/F Two International Finance Centre 8 Finance Street, Central Hong Kong |

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Property valuer

Norton Appraisals Limited
Unit 01, 21/F, Emperor Group Center
288 Hennessy Road, Wan Chai
Hong Kong

Receiving banker

The Hongkong and Shanghai Banking Corporation
Limited
Level 30, HSBC Main Building
1 Queen's Road Central
Hong Kong

Selling Shareholders

CEC Outfitters
ICL London Fog
Iconix Investments

CORPORATE INFORMATION

| | |
|---|---|
| Registered office | Walker House 87 Mary Street George Town Grand Cayman KY1-9005 Cayman Islands |
| Head office in the PRC | No. 9 Lane 1225, Tong Pu Road, Pu Tuo District, Shanghai, PRC |
| Principal place of business in Hong Kong | Room 610, East Ocean Centre 98 Granville Road Tsim Sha Tsui East Kowloon Hong Kong |
| Company's websites | www.cohl.hk and www.cohl.com.hk (<i>information contained in these websites does not form part of this prospectus</i>) |
| Company secretary | MAK Yue Ping (<i>HKICPA, FCCA</i>) |
| Authorised representatives | LO Peter Flat A, 16/F, Tower 1 Park Towers, 1 King's Road Hong Kong SUN David Lee Flat B11, 6/F Po Shan Mansion 10 Po Shan Road Hong Kong |
| Audit committee | KWONG Wilson Wai Sun (Chairman) CUI Yi YEUNG Chi Wai |
| Remuneration committee | ZHANG Yongli (Chairman) CUI Yi KWONG Wilson Wai Sun |
| Nomination committee | LO Peter (Chairman) YEUNG Chi Wai KWONG Wilson Wai Sun |

CORPORATE INFORMATION

| | |
|---|--|
| Compliance adviser | Huntington Asia Limited 6/F, CRE Building 303 Hennessy Road Wanchai Hong Kong |
| Principal bankers | The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong |
| Cayman Islands share registrar and transfer office | Walkers Corporate Services Limited Walker House, 87 Mary Street George Town, Grand Cayman KY1-9005 Cayman Islands |
| Hong Kong share registrar and transfer office | Tricor Investor Services Limited 26/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong |

INDUSTRY OVERVIEW

This section contains certain information which is derived from official government publications and industry sources as well as a report we commissioned from Euromonitor, an Independent Third Party. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information derived from the above sources has not been independently verified by us, the Sole Sponsor, the Underwriters or any other party involved in the Global Offering and no representation is given as to its accuracy.

We commissioned Euromonitor, an Independent Third Party and an independent market research firm with over 20 years' industry experience in the emerging Asia markets and over 15 years' experience in China, to conduct an analysis of, and to report on, the men's casual wear market in the PRC for the period from 2005 to 2015. Euromonitor has been engaged in a number of market assessment projects in connection with initial public offerings in Hong Kong, covering China's apparel and footwear industries in particular. The report commissioned has been prepared by Euromonitor independent of our influence. Euromonitor has charged our Company a total fee, net of applicable PRC sales tax, of US\$41,000 for the preparation of the commissioned report.

RESEARCH COVERAGE AND METHODOLOGY

Research definition and coverage

The “apparel” and “apparel market” as mentioned within this research program include outerwear, underwear and nightwear, socks, stockings and tights, and clothing accessories, comprising of menswear, womenswear and children's wear, but excluding footwear.

Men's casual wear emphasizes comfort and personal expression over presentation and uniformity, suiting daily activities like: walking, shopping, travelling, and a casual working environment. Business casual wear (typical brand owner like Tony Wear) is included in the market sizing for men's casual wear, while sports casual wear launched by typical sportswear brands such as Lining, Nike, Adidas are not included.

Middle-to-high end men's casual wear refers to those distributed in the consumption sites targeting high-income consumers. These brands are presented only in first-tier and second-tier cities, but may also have penetrated into sub-tier cities.

Price range for identifying men's casual wear brands is by segment (using retail selling price for a short coat as the benchmark). Note that this clarification on the price position of men's casual wear brands reflects the industry norm, and the retail price of the brand targets in this study were checked by store audits:

- Low end: average unit price of under RMB500, and typical brands include Semir, Jeanswest, Yishion, Baleno, Kobron.
- Middle end: average unit price between RMB500 to RMB1,000, and typical brands include Jack & Jones, G2000, H & M, Sideout, Meters bonwe (Me & City).

INDUSTRY OVERVIEW

- Middle-to-high end: average unit price between RMB1,000 to RMB2,500, and typical brands include SeptWolves, Levi's, Tony Wear, Esprit Men, Santa Barbara, JEEP.
- Premium: average unit price over RMB2,500, and typical brands include Lampo, Tommy Hilfiger, Giovanni Valentino, Giorgio Armani, Versace.

Retail channels: for analysis of channel contribution of middle-to-high end men's casual wear, Euromonitor would look at the following four major retail channels, namely department stores, specialty stores, multi-brand outlets and others.

| Retail Channels | Typical Retailers |
|-------------------------------|--|
| Department Stores | Parkson, Pacific, Friendship, Westgate Mall, Golden Eagle, etc. |
| Specialty Stores | Including brand owners' self-owned and franchised outlets, as well as flagship stores |
| Multi-brand outlets | OUTLETS, Fox Tow, I.T, etc. |
| Others | www.taobao.com (mainly refers to on-line purchase) |

Source: Euromonitor

Retail channels such as hyper/supermarkets, street hawkers, which record notable retail presence in middle-to-low end men's casual wear were not included in the middle-to-high segment.

For sales located at department stores, there are generally two types of sales in terms of clearance or cooperation with the department stores. Brand owners can set up counters/shops-within-stores under one of the following options:

- i) Brand owners need to hand over a certain percentage (typically around 15.0-40.0%) of their actual revenue to department stores, with a guaranteed base-figure for sales each month.
- ii) Brand owners, as the tenant, need to pay rent, while all the revenue clearance is independent of the department stores.

Euromonitor, according to interview sources and accustomed industry practices, would identify the former option as retail sales attributable to department stores, while value sales derived from the latter option is accounted for by specialty stores, despite its location within department stores.

Research methodology

Euromonitor primarily undertook top-down central research with bottom-up intelligence to present a more comprehensive and accurate picture of the men's casual wear market in China.

(1) Secondary Research

Syndicated Intelligence

Euromonitor began with an assessment of as much relevant background information publicly available as possible through sources covering:

- Specialist trade press, such as China Textile Information Weekly, China Fashion Weekly;
- Authority statistics, reports and databases, such as China Apparel Industry Yearbook , China Textile Industry Statistics, National Statistics Yearbook;

INDUSTRY OVERVIEW

- Trade associations and other semi-official sources, such as National Textile and Apparel Committee, China National Garment Association, Shanghai Garment Association, China Textile Economy Information Center, China Textile University;
- Independent analysts or research groups' reports; and
- Euromonitor Passport data system.

Furthermore, Euromonitor reconciled these sources against any existing information and knowledge.

Company Research

Where relevant, brief corporate intelligence and background information drew on sources such as annual reports and financial sheets published by leading market participants.

In addition, company research was used to complete the product/brand portfolio, the significant investment and future plans of the reviewed companies.

(2) Primary Research

Euromonitor conducted qualitative- and quantitative-based trade interviews not identified by numbers of survey samples, but by the assessment of the quality of answers received, and the analysis of that data intelligently and transparently.

To generate an industry consensus on the market size and growth for China's men's casual wear market, middle-to-high end segment in particular, Euromonitor conducted trade interviews with multiple organisations including apparel brand owners, manufacturers, distributors, trade associations.

Data validation and integrity assessment

Euromonitor used multiple secondary and primary sources to validate any data or information collected with no reliance on any single-source. Furthermore, a test of each respondent's information and views against those of others is applied to ensure reliability and to eliminate bias from various sources.

Projection

Euromonitor adopted its standard practice of both quantitative and qualitative forecast in terms of market sizing, trending etc., on the basis of a comprehensive and in-depth review over the historical market development, and a cross-check with established industry figures or trade interviews, and even statistical tools where applicable.

INTRODUCTION

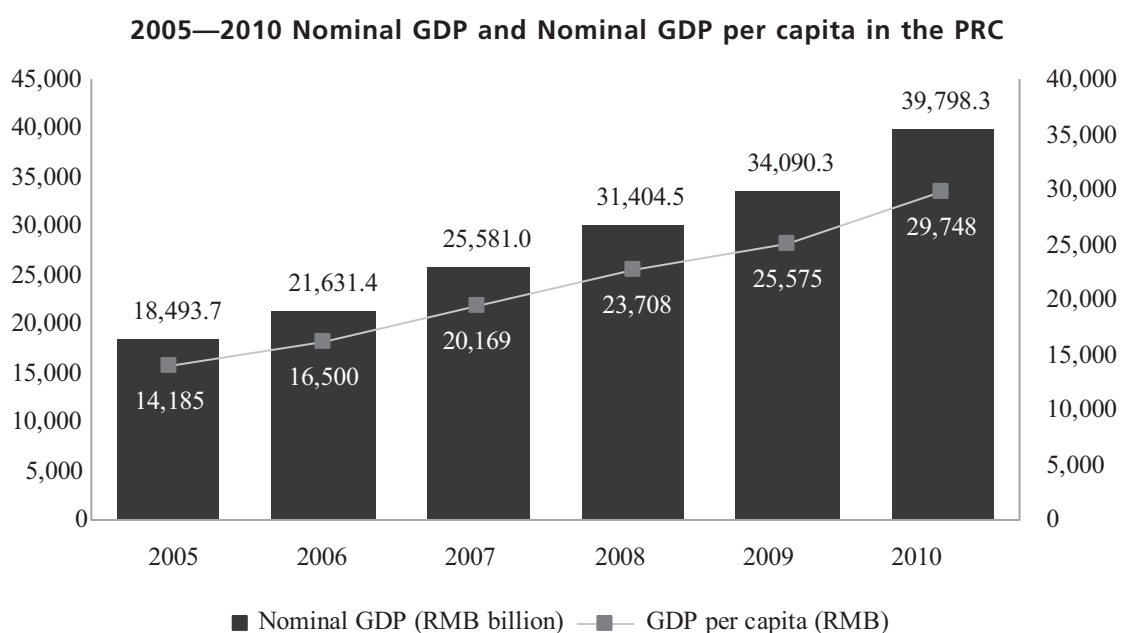
We operate primarily in the men's casual wear in the PRC, which accounted for approximately 51.0% of the total PRC menswear market by sales value in 2010. We believe the performance of the PRC men's casual wear is driven primarily by the growth of the PRC economy and, in particular, urbanisation, increase in disposable income of urban households and a shift in consumption patterns of increasingly affluent urban consumers in the PRC.

INDUSTRY OVERVIEW

RAPID GROWTH OF THE PRC ECONOMY

The PRC economy has grown rapidly since the “reform and market liberalisation” policies initiated by the Chinese government in the late 1970s. Economic growth was further spurred by the launch of special economic zones along the coastal region of the PRC in the early 1990s. According to the National Bureau of Statistics of China, the PRC economy experienced steady growth with nominal GDP increasing at a CAGR of approximately 16.6% from 2005 to 2010, making the PRC one of the fastest growing economies in the world. As a result of the rapid growth of nominal GDP, nominal GDP per capita of China has also increased from RMB14,185 in 2005 to RMB29,748 in 2010.

The chart below illustrates the increase of China’s nominal GDP and nominal GDP per capita from 2005 to 2010.



Source: National Bureau of Statistics of China

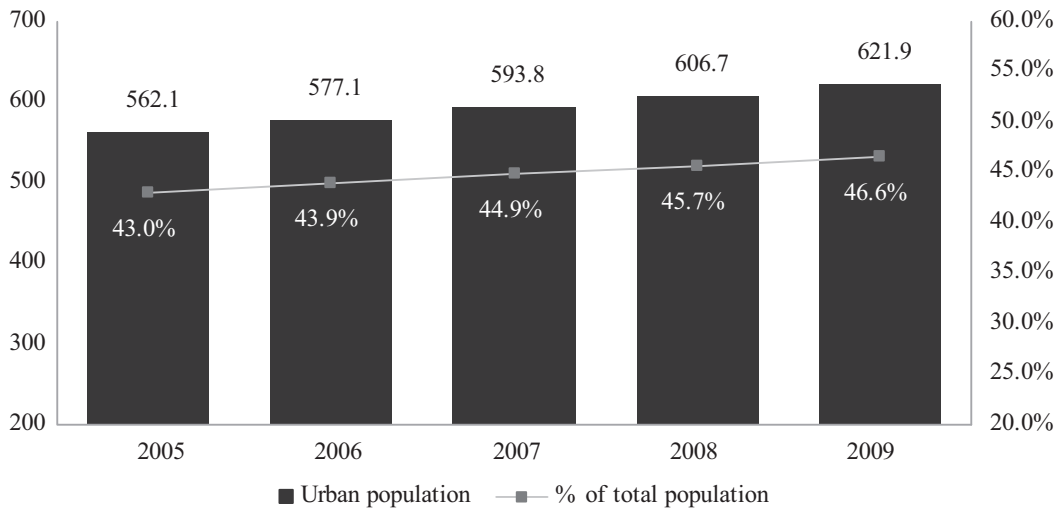
ACCELERATING URBANISATION TREND

Urbanisation has accelerated in the PRC as a result of the rapid economic growth. Populations in urban cities have increased with the influx of people from rural and less developed areas in the PRC. During the span of 2005 to 2009, the total urban population in the PRC increased by approximately 59.7 million or approximately 10.6%. In 2009, the total urban population was approximately 621.9 million, accounting for approximately 46.6% of the total population. The following chart sets forth the historical population and urbanisation rate of the total urban population in the PRC for the periods indicated.

INDUSTRY OVERVIEW

2005—2009 Urban population and urbanisation rate in the PRC*

(million)



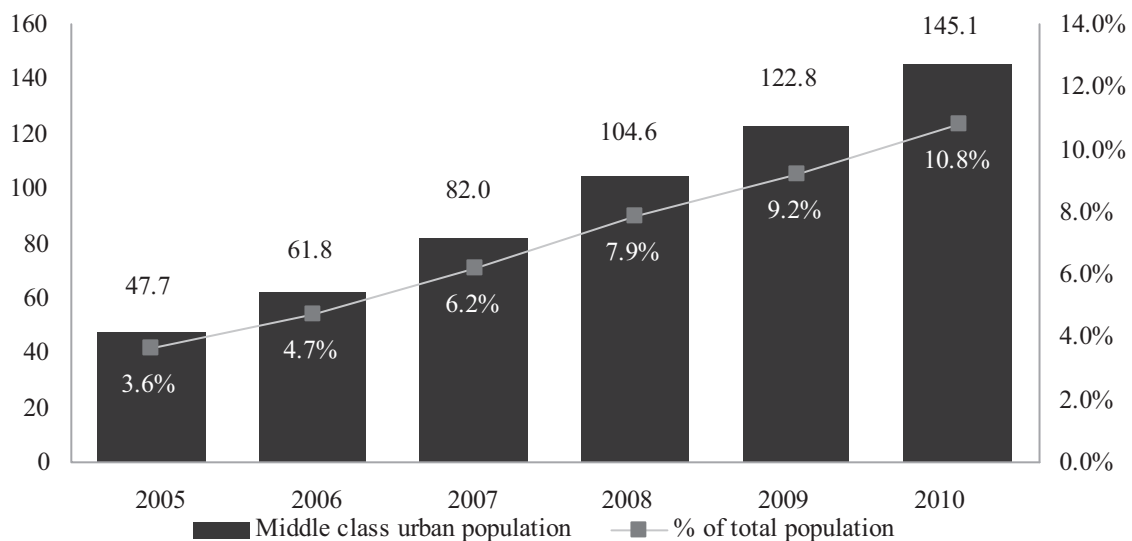
Source: National Bureau of Statistics of China

* As at the Latest Practicable Date, the statistics for 2010 remained unavailable.

According to Euromonitor, during the span of 2005 to 2010, the middle class urban population (households with annual income between RMB60,000 to 500,000) has increased by approximately 97.4 million or approximately 204.2% in the PRC. In 2010, the middle class urban population was approximately 145.1 million, accounting for approximately 10.8% of the total population of the PRC. The following chart sets forth the historical middle class population and urbanisation rate of the total urban population in the PRC for the periods indicated.

2005—2010 Middle class urban population in the PRC

(million)

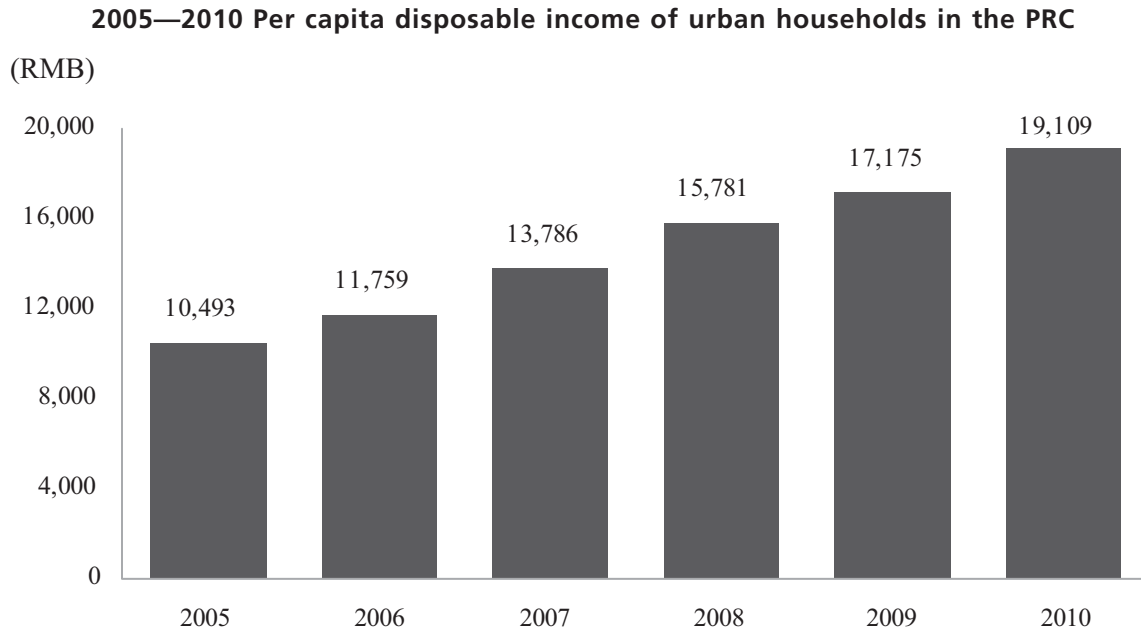


Source: National Bureau of Statistics of China, Chinese Academy of Social Sciences, Euromonitor

INDUSTRY OVERVIEW

DISPOSABLE INCOME GROWTH OF URBAN HOUSEHOLDS

Growth in the economy and the proportion of urban residents is associated with improvements in living standards and increases in income levels in the PRC. According to the National Bureau of Statistics of China, the annual per capita disposable income of urban households in the PRC increased at a CAGR of approximately 12.7% from RMB10,493 in 2005 to approximately RMB19,109 in 2010. The chart below illustrates the per capita disposable income of urban households in the PRC from 2005 to 2010.

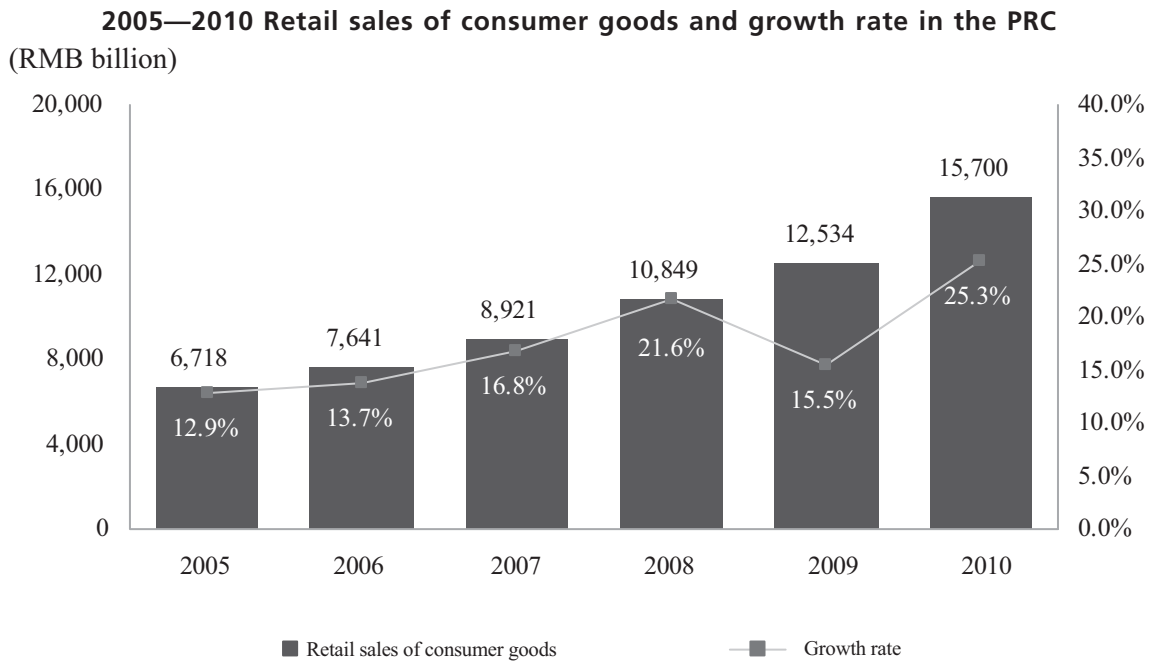


Source: National Bureau of Statistics of China

THE BOOMING RETAIL INDUSTRY

The PRC market for consumer goods expanded rapidly in the past few years amid the PRC's strong economy, growing middle class and increasing affluence. These changing demographics have coincided with the increase in disposable income, suggesting that the purchasing power of consumers in the PRC has strengthened. This has undoubtedly contributed to the development of the retail industry. As illustrated in the following chart, total retail sales of consumer goods increased from RMB6,718 billion in 2005 to approximately RMB15,700 billion in 2010, representing a CAGR of approximately 18.5%.

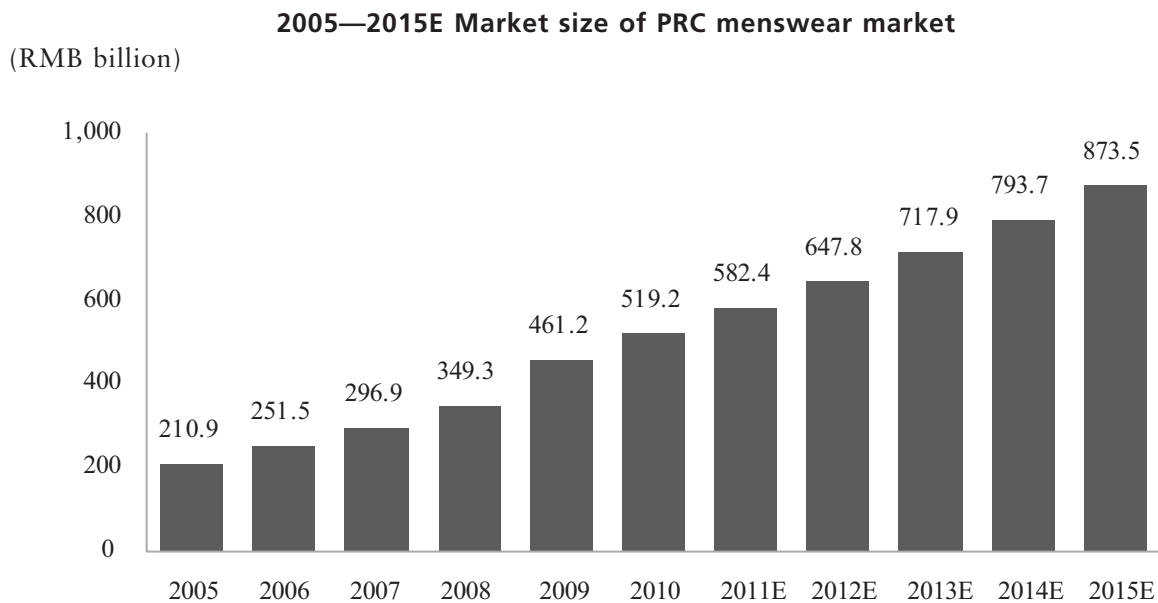
INDUSTRY OVERVIEW



Source: National Bureau of Statistics of China

THE PRC MENSWEAR MARKET

The PRC menswear market, which includes casual wear, formal wear and sports wear, has grown rapidly in recent years. According to Euromonitor, the total size of the PRC menswear market increased from approximately RMB210.9 billion in 2005 to approximately RMB519.2 billion in 2010, representing a CAGR of approximately 19.7% during that period. Euromonitor forecasts that the PRC menswear market will grow at a CAGR of approximately 10.7% from 2011 to 2015 to approximately RMB873.5 billion in 2015. The chart below illustrates the historical and projected size of the PRC menswear market from 2005 to 2015.



Source: Euromonitor

INDUSTRY OVERVIEW

THE PRC MEN'S CASUAL WEAR MARKET

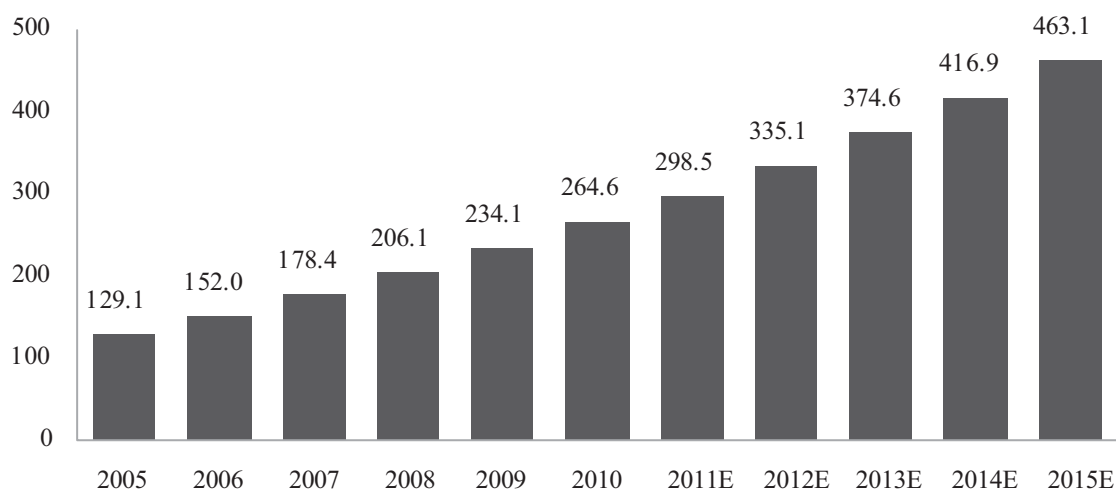
The fast growing men's casual wear market

Despite the current high sales value predominant in the PRC apparel market, the casual wear sector exhibited dynamic growth over the period from 2005 to 2010 due to affordable prices, variety of styles, adaptability to different occasions, and a diverse consumer group consisting of different age groups and vocations. Comfort, a healthy image, convenience and individuality are not only pursued as the modern life style, but increasingly sought in the choice for daily apparel amongst the discerning consumers. The shopping experience has become a symbol of self-assertion for their identification and confidence.

According to Euromonitor, the size of the PRC market for men's casual wear in terms of sales value is estimated to reach approximately RMB264.6 billion in 2010. Driven by improvements of consumers' purchasing power and their lifestyles upgrading, the men's casual wear market is expected to attain a CAGR of 11.6% through 2011 and 2015 to reach RMB463.1 billion in 2015. The chart below illustrates the historical and projected market size of the PRC men's casual wear market from 2005 to 2015.

2005—2015E Market size of PRC men's casual wear market

(RMB billion)



Source: Euromonitor

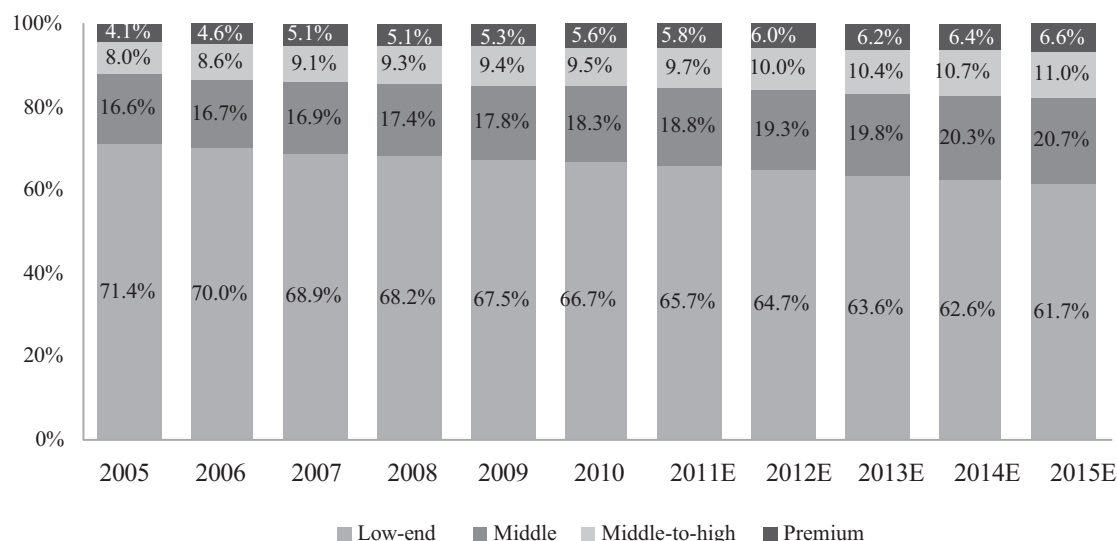
PRC men's casual wear market by segment

According to Euromonitor, in line with the segmentation generally adopted in the industry, the PRC men's casual wear market can be divided into four segments based on price range, namely, premium, middle-to-high, middle and low-end. In terms of growth in sales value, middle-to-high end products achieved a CAGR of 19.5% in the period from 2005 to 2010, accounting for approximately 9.5% of the total sales value of overall men's casual wear in 2010, mainly due to the rising disposable income and product awareness and the increasing exploration of the Chinese market by prestigious apparel brands domestically and abroad, as well as the perfecting distribution network in major

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cities. Middle-to-high end men’s casual wear exhibited great growth potential over the coming five years, with a forecasted CAGR of 15.1% from 2010 to 2015, accounting for 11.0% of the total sales value of overall men’s casual wear in 2015. The following chart and table illustrate the segment structure of the PRC’s men’s casual wear market and the value growth for each segment.

2005—2015E Segment structure development trend of the PRC men’s casual wear market



Source: Euromonitor

Value Growth of the men’s casual wear market by segment

| Men’s Casual Wear Segment | 05—10 CAGR | 09—10 Growth | 10—15 CAGR |
|---------------------------|------------|--------------|------------|
| Men’s Casual Wear | 15.4% | 13.1% | 11.8% |
| - Premium | 22.9% | 18.2% | 15.7% |
| - Middle-to-high end | 19.5% | 14.8% | 15.1% |
| - Middle end | 17.7% | 16.1% | 14.7% |
| - Low end | 13.9% | 11.6% | 10.1% |

Source: Euromonitor

The middle-to-high end men’s casual wear market, which includes smart casual wear, outdoor casual wear, business casual wear and leisure wear⁽¹⁾ is laying more emphasis on brand image with a focus on personal style, trendiness and temperament on the basis of fabric choice, design and cutting. The targeted consumer group consists of high-income white collars and entrepreneur with a successful career and quality leisure life. Smart casual wear is casual yet “smart/neat” enough to conform to

Note:

(1) The concepts were introduced by manufacturers to stress the features of their own brands, hence it is common that several styles overlap with each other in certain aspects.

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the particular standards of members of social groups who are in pursuit of high quality life and personal image. Outdoor casual wear is tailored for outdoor activities. Both smart casual wear and outdoor casual wear provide appropriate apparel for casual occasions, showcasing maturity and glamour with personality and trendiness.

With the recovering macro-economy and consumer affluence, the middle-to-high-income stratum's consumption is stabilising. Compensatory consumption is expected to fuel the growth of the middle-to-high end men's casual wear market in the foreseeable future with a CAGR of approximately 15.1% in terms of sales value from 2010 to 2015, reaching approximately RMB50.8 billion and accounting for approximately 11.0% of the total sales value of overall men's casual wear in 2015.

PRC middle-to-high end men's casual wear market by distribution channels

As the major distribution channels for middle-to-high end men's casual wear, specialty stores and department stores jointly represented over 93.1% of the total retail sales in 2010.

Unlike low end and middle end segments, middle-to-high end men's casual wear emphasise brand positioning and brand image, hence, brand owners in this segment seldom distribute their products through super/hypermarkets, mom & pop stores, direct sales or the internet. The global financial crisis has resulted in a decrease in rents for retail spaces during 2008 and 2009, which, to a certain extent, lowered the cost in expanding distribution channels. Therefore, many brand owners accelerated their outlet expansion during this period.

Sales contribution by key retail channels for middle-to-high end men's casual wear in 2009 and 2010



Source: Euromonitor

Specialty stores have taken the lead in the PRC menswear retail market, accounting for over 50.7% of the total sales in 2010 and representing the fastest growth among all retail channels. Many menswear brand owners believe that specialty stores can assist in building up the brand image. By showcasing all the product offerings in a defined area, specialty stores create a special shopping environment, catering to the male consumers' needs and habits, while avoiding direct competition with other brands.

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Department stores are the second important distribution channel for middle-to-high end men's casual wear, accounting for approximately 42.4% of the total sales revenue in 2010. The major advantages of department stores lie in their prime locations, high customer traffic and a good shopping environment. As a traditional distribution channel for middle-to-high end apparel, department stores are relatively mature in their development. They are often the first choice for international brands to penetrate into the major cities in the PRC. Some prestigious department stores can promote the sales of a new brand in the local market.

Competitive landscape of PRC middle-to-high end men's casual wear market

According to Euromonitor, in 2010, the top ten brands together accounted for 49.4% of total retail sales of the middle-to-high end men's casual wear market in China, representing a 2% increase over 2009. This increase implies a trend of consolidation in this segment, with leading players gaining greater market share. The middle-to-high end men's casual wear market has been characterised by leading players striving to improve the quality of products, enhance brand awareness and raise selling prices in order to increase profitability, all of which are likely to further raise the barriers to entry of this industry segment. Among the top ten brands above, foreign brands occupied eight seats in 2010. These foreign brands contributed to 28.8% of China's middle-to-high end men's casual wear market, 8.1% higher than the market share occupied by two big domestic brands. Given some of the brands are still in the development stage, they made tremendous gains by having approximately over 20% growth of retail sales in the Chinese market. JEEP, at its fast growing stage, hit sales of RMB961.9 million in 2010, a 58.9% jump over 2009. Zara, CK and SBPRC all achieved a yearly growth of around 30% in 2010. By contrast, the domestic brand Septwolves had a 12.8% growth, while Youngors only had a 8.2% growth from 2009 to 2010.

Domestic brands of the middle-to-high end men's casual wear, such as Septwolves and Youngor, began to increase their market share in the early 2000s. After capturing a modest amount of market share by opening self-owned outlets, these brands expanded rapidly by attracting investment and establishing franchised stores, drawing upon extensive local knowledge and resources. Foreign brands, on the other hand, have benefitted from strong consumer demand, driven in large part by a perception that foreign brands convey elevated social status and lifestyle. After years of operation in China, companies marketing foreign brands have also obtained abundant local knowledge and resources, which have further strengthened their market position. Amongst the top ten brands in the middle-to-high end men's casual wear market, the total market share of foreign brands increased by approximately 2.6% from 2009 to 2010, while domestic brands lost approximately 0.5% of their market share.

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Within the middle-to-high end men's casual wear market in 2010, according to Euromonitor, JEEP and SBPRC held an approximate 3.8% and 1.9% market share, respectively, and a combined market share of approximately 5.7% in the middle-to-high end men's casual wear market. The following chart illustrates the 2009-2010 market share by retail sales in the middle-to-high end men's casual wear market by brands.

| Brand | Market Share | |
|--------------------|---------------------|-------------|
| | 2009 | 2010 |
| SeptWolves | 16.1% | 15.9% |
| Levi's | 5.9% | 6.3% |
| Lee | 5.4% | 5.7% |
| Youngor | 5.1% | 4.8% |
| JEEP | 2.8% | 3.8% |
| Tony Wear | 2.9% | 3.1% |
| ZARA..... | 2.6% | 3.0% |
| Esprit Men | 2.8% | 2.5% |
| CK | 2.0% | 2.3% |
| SBPRC | 1.6% | 1.9% |
| Top 10 total | 47.2% | 49.3% |
| Others | 52.8% | 50.7% |
| Total..... | 100.0% | 100.0% |

Source: Euromonitor

REGULATIONS

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Set out below is a brief overview of the PRC legal framework relevant to the Company in respect of foreign investment, dividend distribution, retailing, trademarks, taxation, environmental protection, employment and social security, workplace safety, production quality and consumer protection, foreign exchange control and mergers and acquisitions of domestic enterprises.

FOREIGN INVESTMENT

Company Law and the Wholly Foreign-owned Enterprise Law

The establishment, operation and management of corporate entities in China are governed by the Company Law of the PRC (中華人民共和國公司法) (the “**Company Law**”), which was promulgated by the Standing Committee of the National People’s Congress (全國人民代表大會常務委員會) on 29 December 1993 and became effective on 1 July 1994. The Company Law was subsequently amended on 25 December 1999, 28 August 2004 and 27 October 2005, respectively. According to the Company Law, companies established in the PRC are either limited liability companies or joint stock limited liability companies. The Company Law applies to both PRC domestic companies and foreign-invested companies, however where the Company Law is silent on matters related to foreign invested companies, such matters may be addressed by other PRC laws and regulations.

The establishment procedures, approval procedures, registered capital requirements, foreign exchange matters, accounting practices, taxation and labour matters of a wholly foreign-owned enterprise are regulated by the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法) (the “**FIE Law**”), which was promulgated on 12 April 1986 and amended on 31 October 2000, and the Regulations for the Implementation of the Law of the PRC on Foreign Invested Enterprises (中華人民共和國外資企業法實施細則) (the “**FIE Regulations**”), which was promulgated by the Ministry of Foreign Trade and Economy (外經貿部) and came into effect on 12 December 1990 and was amended by the State Council (國務院) on 12 April 2001.

The Provisions on Guiding Foreign Investment Direction and the Catalogue for the Guidance of Foreign Investment Industries

The Provisions on Guiding Foreign Investment (指導外商投資方向規定) and the Catalogue for the Guidance of Foreign Investment (外商投資產業指導目錄) constitute the basis for applicable policies regarding the examination and approval of foreign investment projects and foreign investment enterprises in the PRC.

The Provisions on Guiding Foreign Investment

On 11 February 2002, the State Council promulgated the Provisions on Guiding Foreign Investment (指導外商投資方向規定) (the “**Foreign Investment Provisions**”), re-stating the four classifications of foreign investment projects. Foreign investment projects belonging to any of the encouraged, restricted or prohibited categories are listed in the Catalogue for the Guidance of Foreign Investment (外商投資企業指導目錄) (the “**Foreign Investment Catalogue**”), whereas foreign investment projects which do not belong to the above three categories are classified as permitted projects and are not listed in the Foreign Investment Catalogue. The purpose of the Foreign Investment Provisions is to direct foreign investment into certain priority industry sectors while restricting or prohibiting investment in other sectors.

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The Foreign Investment Provisions entered into force on 1 April 2002 and the Provisional Foreign Investment Provisions were simultaneously repealed.

The Catalogue for the Guidance of Foreign Investment

The Catalogue for the Guidance of Foreign Investment (the “**Foreign Investment Catalogue**”) lists specific industries and economic activities in which foreign investment in China is encouraged, restricted or prohibited.

The State Planning Commission, the State Economic and Trade Commission and the Ministry of Foreign Trade and Economic Cooperation jointly promulgated the Foreign Investment Catalogue in 1995. Since then, the Foreign Investment Catalogue has been revised several times, with the most significant revisions taking place in 2002, 2004 and 2007. The version of the Foreign Investment Catalogue currently in effect was jointly promulgated by the National Development and Reform Commission (國家發展和改革委員會) (the “**NDRC**”) and the Ministry of Commerce on 31 October 2007 and came into effect on 1 December 2007. On the same day, the Foreign Investment Catalogue (as amended in 2004) was repealed.

In general, the Foreign Investment Catalogue (2007) improves foreign investors’ access to commercial and financial services, activities contributing to environmental protection and advanced manufacturing activities; while placing greater restrictions on access to investments in real estate, media-related activities and production activities for which foreign investment is no longer considered necessary to assure future development.

Foreign Investment in the Retail Enterprises

The principal PRC law governing foreign investment in retail enterprises is the Administrative Measures on Foreign Investment in Commercial Sectors (外商投資商業領域管理辦法) (the “**Measures**”) which was promulgated by the Ministry of Commerce (商務部) on 16 April 2004 and came into effect on 1 June 2004. Pursuant to the Measures, from 11 December 2004, foreign investors are permitted to engage in the operation of distribution services on a wholly foreign-owned basis. Foreign investors can apply to set up both commercial enterprises and stores at the same time in accordance with certain procedures and guidelines set out in the Measures.

DIVIDEND DISTRIBUTION LAWS AND REGULATIONS

According to the FIE Law and the FIE Regulations, foreign investors who receive dividends in accordance with the law are, with the prior consent of the relevant governmental authority, permitted to reinvest such dividends in enterprises in the PRC. Before making a dividend distribution, a foreign invested enterprise must pay all relevant taxes and set aside cash reserves in contribution towards the mandatory reserve fund and welfare fund. A proportion of no less than 10% of the enterprise’s after tax profits must be set aside for the cash reserve fund until the accumulated amount of the fund has reached 50% of the registered capital of the enterprise, after which time the foreign invested enterprise may cease to set aside cash for the reserve fund. The proportion to be set aside for the employee welfare fund may be determined by the foreign invested enterprise.

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RETAILING

The Administrative Measures for Fair Transactions Between Retailers and Suppliers (零售商供應商公平交易管理辦法) were promulgated by the Ministry of Commerce on 12 October 2006 and came into effect with the approval of the NDRC, the Public Security Bureau (公安部), the State Administration of Taxation (國家稅務總局) and the State Administration of Industry and Commerce (國家工商行政管理總局) of the People's Republic of China on 15 November 2006. The Administrative Measures promote the protection of a fair marketplace and the lawful rights of consumers by regulating trading activities between retailers and suppliers.

The Administrative Measures for the Sales Promotion Acts of Retailers (零售商促銷行為管理辦法) were promulgated by the Ministry of Commerce on 13 July 2006 and came into effect with the approval of the NDRC, the Public Security Bureau, the State Administration of Taxation and the State Administration of Industry and Commerce of the People's Republic of China on 15 October 2006. The Administrative Measures promote a fair and competitive marketplace and the protection of the lawful rights of consumers by regulating and standardising promotional and sales activities amongst retailers.

TRADEMARKS

General Regulations on PRC Trademark Registration

Pursuant to the PRC Trademark Law (中華人民共和國商標法) promulgated on 23 August 1982 and amended on 22 February 1993 and 27 October 2001 and its Implementation Regulation (中華人民共和國商標法實施條例), registered trademarks are those that have been approved and registered by the Trademark Office, and include commodity trademarks, service trademarks, collective marks and certification marks. The Trademark Office of the Administrative Department for Industry and Commerce (中華人民共和國國家工商行政管理總局商標局) under the State Council is in charge of trademark registration and administration in the PRC.

Trademark registrants or their authorised assignees are entitled to the exclusive use of their trademarks on certain commodities for which the use of such trademark has been approved. The validity period of a registered trademark is ten years commencing from the day the registration is approved. If a registrant desires to continue to use the registered trademark after the expiration of the validity period, an application for the renewal of registration shall be made within six months before the expiration of such period. If the renewal application is approved, the trademark will be renewed for another ten years. The trademark Law provides that any of the following acts constitutes an infringement upon the right to the exclusive use of a registered trademark: (1) using a trademark which is identical with or similar to the registered trademark on the same kind or similar commodity without a licence from the registrant of that trademark; (2) selling commodities that infringe upon the right to exclusive use of a registered trademark; (3) forging or selling the marks of a registered trademark without authorisation from the registrant; (4) changing a registered trademark and putting the commodities with the changed trademark into the market without the consent of the registrant of that trademark; and (5) causing other damage to the right to the exclusive use of a registered trademark of another person.

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In the event of any above mentioned acts which infringe upon the right to the exclusive use of a registered trademark, the infringer would be imposed a fine, ordered to stop the infringement acts immediately and give the infringed party compensation.

TAXATION LAWS AND REGULATIONS OF THE PRC

Enterprise Income Tax

On 16 March 2007, the National People's Congress promulgated the Law of the PRC on Enterprise Income Tax (中華人民共和國企業所得稅法) (the "EIT Law"). The EIT Law came into effect on 1 January 2008. According to the EIT Law, taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises refer to enterprises that are established in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de-facto control is administered from within the PRC. Non-resident enterprises refer to enterprises that are set up in accordance with the laws of the foreign countries and whose actual administration is conducted outside the PRC, but who (whether or not through the establishment of institutions in the PRC) derive income from the PRC. Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is applicable. However if non-resident enterprises have not established institutions in the PRC, or if they have established institutions in the PRC but there is no actual relationship between the relevant income derived in the PRC and the institutions set up by them, corporate income tax is set at the rate of 10%. Pursuant to the provisions of the State Council, enterprises established prior to the promulgation of the EIT Law that enjoyed preferential tax rates in accordance with relevant tax laws and administrative regulations may, during a five year transition period beginning on the date the law came into effect, gradually move to the tax rate provided by the EIT Law. Fixed period tax exemptions and reductions may continue to apply to eligible enterprises even after the expiry of the implementation period of the EIT Law. However, where such enterprises fail to derive any profits and therefore do not benefit from the preferential treatment, the preferential period shall expire upon the implementation of the EIT Law.

On 15 December 2009, the State Administration of Taxation released the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfer by Non-PRC Resident Enterprise (or SAT Circular 698, retrospectively effective from 1 January 2008) to reinforce the taxation on off-market equity transfers by non-resident enterprises. Under SAT Circular 698, the PRC tax authorities have the discretion to adjust the taxable capital gains in an equity transfer, if the transfer price is deemed not to be determined on an arm's length basis between the related parties. The SAT Circular 698 also requires that, if a party in an equity transfer transaction with a withholding obligation fails or is unable to perform its withholding obligation, the non-PRC resident enterprise in that transaction shall file tax declaration within seven days of the equity transfer. The SAT Circular 698 further provides that, where a nonresident foreign investor indirectly transfers equity interests in a PRC resident enterprise by disposing the shares in an offshore holding company, and such offshore holding company is located in a jurisdiction where i) the effective tax rate is less than 12.5% or (ii) the foreign income of its residents is not subject to taxation, then the foreign investor is required to provide the tax authority in charge of that PRC resident enterprise with the relevant information within 30 days of the transfer. Moreover, if a non-resident foreign investor indirectly

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transfers equity interests in a PRC resident enterprise in the absence of reasonable commercial purposes and use “abusive” corporate structures to evade tax, the PRC State Tax Authority has power to re-examine the equity transfer and treat it as if it were a direct transfer of equity interests in a PRC resident enterprise by denying the existence of the offshore holding company.

Value-added Tax

The State Council promulgated the Provisional Regulations of the PRC on Value-added Tax (中華人民共和國增值稅暫行條例) (the “Provisional VAT Regulations”) on 13 December 1993, which came into effect on 1 January 1994 and were amended on 10 November 2008. The Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (中華人民共和國增值稅暫行條例實施細則) (the “Provisional VAT Implementation Rules”) were promulgated by the Ministry of Finance on 25 December 1993 and were amended and came into effect on 1 January 2009. According to the Provisional VAT Regulations and the Provisional VAT Implementation Rules, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, and the importation of goods within the territory of the PRC must pay value-added tax. For taxpayers selling or importing goods other than those specifically listed in the Provisional VAT Implementation Rules, or for taxpayers providing processing, repairs and replacement services, the value-added tax rate is 17%.

Business Tax

Pursuant to the Provisional Regulations of the PRC on Business Tax (中華人民共和國營業稅暫行條例) effective from January 1, 1994 (amended on November 10, 2008) and its implementation rules, all institutions and individuals providing taxable services, transferring intangible assets or selling real estate within the PRC must pay business tax. The items and rates of business tax shall be implemented in accordance with the List of Items and Rates of Business Tax (營業稅稅目稅率表) attached to the regulation.

Land Use Tax

On 27 September 1988 the State Council promulgated the Provisional Regulations of the PRC on Land Use Tax in Cities and Towns (中華人民共和國城鎮土地使用稅暫行條例) (the “Provisional Land Use Tax Regulations”) which came into effect on 1 November 1988 and were amended on 31 December 2006. From 1 January 2007, foreign invested enterprises and foreign enterprises became subject to the payment of land use tax.

According to the Provisional Land Use Tax Regulations (as amended in 2006), all enterprises and individuals who use land within the boundaries of cities, county towns, villages operated under an organisational system and industrial and mining districts, shall be subject to the payment of land use tax. The annual rates for land use tax per square metre of land is as follows: (1) between RMB1.5 and RMB30 in large cities; (2) between RMB1.2 and RMB24 in medium sized cities; (3) between RMB0.9 and RMB18 in small cities; (4) between RMB0.6 and RMB12 in county towns, villages operated under an organisational system and industrial and mining districts.

City Maintenance and Construction Tax

According to the Provisional Regulations of the PRC on City Maintenance and Construction Tax (中華人民共和國城市維護建設稅暫行條例) (the “City Maintenance and Construction Tax Regulations”), which were promulgated by the State Council and came into effect on 8 February

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1985, all enterprises and individuals who are subject to product tax, value-added tax and/or business tax shall also be subject to city maintenance and construction tax. The city maintenance and construction tax rate is 7% for taxpayers located in urban areas, 5% for taxpayers located in counties or townships, and 1% for taxpayers located in areas other than urban area, counties and townships.

Stamp Tax

The State Council promulgated the Provisional Regulations of the PRC on Stamp Tax (中華人民共和國印花稅暫行條例) (the “Provisional Stamp Tax Regulations”) on 6 August 1988, which came into effect on 1 October 1988. The Ministry of Finance and the State Administration of Taxation collectively promulgated the Detailed Rules of Implementation of the Provisional Regulations of the PRC on Stamp Tax (中華人民共和國印花稅暫行條例施行細則) (the “Provisional Stamp Tax Implementation Rules”) on 29 September 1988, which came into effect on 1 October 1988.

According to the Provisional Stamp Tax Regulations and the Provisional Stamp Tax Implementation Rules, all institutions and individuals creating and obtaining taxable documents within the PRC shall pay stamp tax. The list of taxable document includes purchase and sale contracts, processing contracts, construction project contracts, property lease contracts, cargo freight contracts, warehousing and storage contracts, loan contracts, property insurance contracts, technical contracts, other documents that resemble a contract in nature, title transfer deeds, business account books, certificates of rights, licences and other taxable documents specified by the Ministry of Finance.

The items and rates of stamp tax shall be implemented in accordance with the List of Items and Rates of Stamp Tax (印花稅稅目稅率表) attached in the Provisional Stamp Tax Regulations.

LAWS AND REGULATIONS ON ENVIRONMENTAL PROTECTION

The Environmental Protection Law of the PRC (中華人民共和國環境保護法) (the “Environmental Protection Law”), which was promulgated by the Standing Committee of the National People’s Congress and came into effect on 26 December 1989, aims to protect and develop the environment, prevent and cure pollution and other public hazards, and safeguard human health. Pursuant to the Environmental Protection Law, all enterprises and institutions that may cause environmental pollution and other public hazards are required to adopt effective measures to prevent and control pollution levels and harm caused to the environment in the form of waste gas, waste water and solid waste, dust, malodorous gas, radioactive substances, noise, vibration and electromagnetic radiation generated in the course of production, construction or other activities; enterprises and institutions discharging pollutants must report to and register with the relevant authorities in accordance with the provisions of the competent department of environmental protection administration under the State Council; enterprises and institutions discharging pollutants in excess of the prescribed national or local discharge standards shall pay a fine for excessive discharge according to state provisions and shall assume responsibility for eliminating and controlling the pollution; the environmental protection department of the State Council is in charge of promulgating national standards for environmental protection, the provincial governments and the local governments in autonomous

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regions and municipalities may also promulgate local standards for environmental protection on matters not specified under national standards and the local governments must report such standards to the competent department of environmental protection administration under the State Council for record.

Any individual or entity that violates the PRC environmental protection law and various environmental regulations may be subject to warnings or payment of damages and fines. Any entity undertaking construction work or manufacturing activities before the pollution and waste control and processing facilities are inspected and approved by the environmental protection department may be ordered to suspend production or operations and may be fined. Any individual or entity that violates the relevant environment protection laws and regulations may also be exposed to criminal liability if such violations resulted in severe loss of property, personal injuries or death.

LAWS AND REGULATIONS ON EMPLOYMENT AND SOCIAL SECURITY

Employment Laws

The Employment Contract Law (中華人民共和國勞動合同法), which was implemented on 1 January 2008, is primarily aimed at the regulation of employee/employer rights and obligations, including matters with respect to the establishment, performance and termination of labour contracts. Under the law, (i) employers must pay employees double income in circumstances where an employer fails to enter into an employment contract within one year with an employee who works for the employer for a period exceeding one month. Where such period exceeds one year, the parties are deemed to have entered into a labour contract with an “unfixed term”; (ii) employees who fulfil certain criteria, including having worked for the same employer for ten years or more, may demand that the employer execute a labour contract with an unfixed term; (iii) employees must adhere to regulations concerning commercial confidentiality and non-competition; (iv) the range of situations in which employers must lawfully compensate employees has increased; (v) an upper limit has been set on the amount of compensation an employer may seek for an employee’s breach of contract. The upper limit may not exceed the cost of training supplied to the employee; (vi) employees in respect of whom employers have not in accordance with law made social insurance contributions may terminate their employment contracts; (vii) employers who demand money or property from employees by way of guarantee or whatsoever may be fined a maximum of RMB2000; and (viii) employers who intentionally deprive employees of any part of their salary must, in addition to their full salary, pay employees compensation in the order of 50% to 100% of the amount of salary so deprived.

The Law of the People’s Republic of China on Employment Promotion (中華人民共和國就業促進法) (the “**Law on Employment Promotion**”) was passed at the 29th Session of the Standing Committee of the 10th anniversary National People’s Congress on 30 August 2007 and came into effect on 1 January 2008. The Law on Employment Promotion contains provisions on employment issues including policy support, fair employment, employment services and management, and vocational education and training. More particularly, the Law on Employment Promotion (i) states explicitly that discriminatory employment practices should not be adopted and, in circumstances where such practices are adopted, employees have the right to launch a suit with the People’s Court (人民法院); (ii) provides that public employment service agencies established by the People’s Government (人民政府) at county level or above should provide employees free services such as consultation on employment policies and laws and regulations, vocational training and placement, and price

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guidance for market wages; (iii) establishes an employment and unemployment registration system, stipulating that employers must complete employment registration with public employment service agencies for employees after they have been recruited; while employees who are individual operators or engaged in unfixed jobs may conduct employment registration with public employment service agencies, and shall be entitled to applicable support policies upon registration.

PRODUCTION SAFETY

In accordance with the Production Safety Law of the PRC (中華人民共和國安全生產法), which was promulgated by the Standing Committee of the National People's Congress on 29 June 2002 and came into force on 1 November 2002, and other relevant laws and regulations, enterprises engaged in production activities are required to: (i) comply with relevant laws and regulations on production safety, (ii) strengthen managerial control over production safety, (iii) improve on safety precautions at the production sites, and (iv) establish or improve accountability systems with regard to safety incidents to ensure workplace safety at the production sites. Entities which do not satisfy the relevant safety requirements may not engage in production activities. Further, entities that engage in production in disregard of the relevant production safety laws and regulations may be subject to administrative sanctions such as penalties, orders for rectification within a set limited period or suspension of business operations. Such illegal production activities may also violate criminal statutes and be subject to criminal liabilities.

PRODUCT QUALITY AND CONSUMER PROTECTION LAW

Product Quality Law

Pursuant to the Product Quality Law of the PRC (中華人民共和國產品質量法) (the "Product Quality Law") promulgated by the Standing Committee of the National People's Congress on 22 February 1993 and revised on 8 July 2000, anyone who conducts production and sales activities of any product within the territory of the PRC shall be liable for product quality. Where products do not comply with the relevant national or trade standards safeguarding the health and safety of human life and property, the producer shall be ordered to stop the production and sale of the products, products produced and sold illegally shall be confiscated, earnings from illegally made products shall be confiscated, and a fine of an amount equal to three times the amount of the unlawful earnings shall be imposed. When the circumstances are serious, the business licence of the offender may be revoked and where the case constitutes a crime, the offender shall be investigated for criminal responsibility according to law.

Consumer Protection Law

The principal legal provisions for the protection of consumer interests are set out in the Consumer Protection Law (中華人民共和國消費者權益保護法), which was promulgated by the Standing Committee of the People's Congress on 31 October 1993 and came into effect on 1 January 1994. The Consumer Protection Law sets out standards of behaviour which business operators must observe in their dealings with consumers, including the following: (1) goods and services provided to consumers must comply with the Product Quality Law and other relevant laws and regulations, including requirements regarding personal safety and protection of property; (2) consumers must be provided with true information and advertising concerning goods and services, as well as true and clear answers to questions concerning the quality and use of goods or services; (3) purchase or service vouchers must be issued to consumers in accordance with relevant national regulations or

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business practices or upon the request of a consumer; (4) information regarding the quality, functionality, applications and duration of use of goods or services under normal use must be provided to consumers and the actual quality of the goods or services must be consistent with that displayed in advertising materials, product descriptions or samples; (5) responsibilities for guaranteed repair, replacement and return or other liability in accordance with national regulations or any agreement with the consumer must be discharged; and (6) unreasonable or unfair terms must not be imposed on consumers and civil liability for the legal rights and interests of consumers must not be undermined by means of standard contracts, circulars, announcements, shop notices, etc.

Violations of the Consumer Protection Law may result in the imposition of fines. In addition, the business operator may be ordered to suspend its operations and its business licence may be revoked. Criminal liability may be incurred in serious cases. According to the Consumer Protection Law, a consumer whose legal rights and interests are prejudiced during the purchase or use of goods may demand compensation from the seller. Where the responsibility lies with the manufacturer or another seller that provides the goods to the seller, the seller shall, after settling compensation, have the right to recover such compensation from the manufacturer or other seller. Consumers or other injured parties who suffer injury or property losses due to product defects in commodities may demand compensation from the manufacturer as well as the seller. Where the responsibility lies solely with either the manufacturer or the seller, the other party shall, after settling compensation, have the right to recover such compensation from the party at fault.

FOREIGN EXCHANGE CONTROL

The PRC State Council promulgated the PRC Regulation for the Foreign Exchange (中華人民共和國外匯管理條例), or the Foreign Exchange Regulations, on 29 January 1996, which was then amended on 5 August 2008. On 20 June 1996, the People's Bank of China further promulgated the Regulation on the Foreign Exchange Settlement, Sales and Payment, or the Settlement Regulations, which came into effect on 1 July 1996. Pursuant to the Foreign Exchange Regulation and the Settlement Regulation, foreign exchanges required for distribution of profits and payment of dividends may be purchased from designated foreign exchange banks in the PRC upon presentation of a board resolution authorising distribution of profits or payment of dividends. The Settlement Regulations remove the previous restrictions on convertibility of foreign exchange in respect of current account items, including the distribution of dividends, interest and royalty payments, trade and service-related foreign exchange transactions, while foreign exchange transactions in respect of capital account items, such as direct investment, loan, securities investment and repatriation of investment remain subject to the approval of SAFE.

M&A RULES

On 8 August 2006, six PRC regulatory authorities, namely the MOFCOM, the State Assets Supervision and Administration Commission, the SAT, the State Administration for Industry and Commerce, the CSRC and SAFE, jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the "M&A Rules"), as amended on 22 June 2009, which became effective on 8 September 2006. According to the M&A Rules, mergers and acquisitions of domestic enterprises by foreign investors must be reviewed and approved by the MOFCOM or its

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local branches. Particularly, the M&A Rules require special purpose offshore companies formed for overseas listing purposes and controlled directly or indirectly by PRC companies or individuals to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange.

We have been advised by Commerce & Finance Law Offices, our PRC legal adviser, that because two of our PRC subsidiaries, Shanghai Doright and Dezhou Sino-Union, were established as Sino-foreign joint ventures before 8 September 2006, the acquisitions of Shanghai Doright and Dezhou Sino-Union by our Group as described in the section headed “History and Corporate Structure” of this prospectus do not constitute a “takeover of a domestic enterprise” for the purpose of Article 2 of the M&A Rules. The M&A Rules are not applicable to a transfer of equity in a foreign-invested enterprise if the foreign-invested enterprise was established before the effective date of the M&A Rules (8 September 2006). On this basis, the M&A Rules do not apply to the acquisitions above or to the Global Offering.

HISTORY AND CORPORATE STRUCTURE

HISTORY OF OUR CORPORATE STRUCTURE

Our Company was incorporated under the laws of the Cayman Islands on 7 March 2011 in anticipation of the Listing, and is the holding company of our Group. See the sub-section headed “Corporate Reorganisation” below and the section headed “Appendix VI — Statutory and General Information — Corporate Reorganisation” in this prospectus for more information relating to our corporate structure and the Corporate Reorganisation.

We trace our history back to 1999 when Guangdong Leaderway was established with capital contributions made by Mr. Wang Hai and Mr. Liu Chuanzong, a passive investor in Guangdong Leaderway and an Independent Third Party, and obtained the licence to manufacture and sell apparel products under the SBPRC brand in China in 2000 from Interasia & Associates (Holdings) Co. Ltd., an independent licensing consulting company and the sub-licensor of the SBPRC brand. Shanghai Baowei and Shanghai Bolderway were established in 1999 and 2001, respectively, to engage in apparel manufacturing and sales in China.

Between October 2001 and December 2004, Guangdong Rieys became the owner of 70.0% equity interest in each of Guangdong Leaderway, Shanghai Bolderway and Shanghai Baowei for a consideration of RMB350,000, RMB700,000 and RMB700,000, respectively, and Mr. Zhang Yongli became the owner of 30.0% equity interest in Guangdong Leaderway for a consideration of RMB150,000. Due to Mr. Wang Hai’s experience in our Group and in the PRC apparel industry, he agreed to continue to work in our Group and remain as a member of our senior management after his equity interests in Guangdong Leaderway were transferred to Guangdong Rieys and Mr. Zhang Yongli. Mr. Zhang Yongli was also the holder of 30% equity interest in each of Shanghai Bolderway and Shanghai Baowei as at December 2004.

Shanghai Doright and Dezhou Sino-Union were established in the PRC on 6 August 2003 and 6 January 2005, respectively. At the time of their establishment, Guangdong Rieys and Somanco Pty Ltd. held 70.0% and 30.0% equity interests, respectively, in each of Shanghai Doright and Dezhou Sino-Union.

Through a series of transfers by Guangdong Rieys and Mr. Zhang Yongli in 2006, Shanghai Doright and Dezhou Sino-Union together indirectly acquired 70.0% and 30.0% equity interests, respectively (or together the entire equity interests) in each of Shanghai Bolderway, Shanghai Baowei, Guangdong Leaderway, Shanghai Jiancheng and Beijing Bolderway for an aggregate consideration of RMB2.45 million and RMB1.05 million, respectively. After these acquisitions, Shanghai Doright and Dezhou Sino-Union became the intermediate holding companies of all of our operations in the PRC at that time. In December 2008, Shanghai Doright acquired from Dezhou Sino-Union all of its 30.0% equity interest in Shanghai Baowei for a consideration of RMB300,000 and became the owner of 100.0% equity interest in Shanghai Baowei. Between December 2010 and January 2011, Shanghai Doright contributed additional capital to each of Shanghai Bolderway, Beijing Bolderway, Guangdong Leaderway and Shanghai Jiancheng. As a result, Shanghai Doright and Dezhou Sino-Union became the owners of 95.0% and 5.0% equity interests, respectively, in each of these PRC Operating Subsidiaries.

HISTORY AND CORPORATE STRUCTURE

China Enterprise Capital and Establishment of CEC Outfitters

CEC Outfitters was established on 18 April 2006 in the BVI by China Enterprise Capital.

China Enterprise Capital is an investment holding company incorporated in the BVI and part of an independent private equity fund investing in the China domestic market with a portfolio of selective direct investments through shareholdings in companies that principally engaged in, among other things, the production and distribution of ethanol, the distribution and retail sales of alcoholic beverages, manufacturing of feed ingredients and coal mining in the PRC. The major beneficial shareholders of China Enterprise Capital include high net worth individuals and endowment funds. For further details on China Enterprise Capital, please refer to the section headed “Substantial and Selling Shareholders — Information regarding China Enterprise Capital” in this prospectus.

As at 3 June 2011, there were in total 103 shareholders registered on the register of members of China Enterprise Capital. Of the top ten shareholders of China Enterprise Capital, the largest shareholder was a financial institutional investor (a fully regulated Luxembourg based investment fund specialised in opportunistic investments in public listed and non-public listed securities) which held an approximately 19.7% shareholding interest in China Enterprise Capital and the other shareholders were trust and foundation investors or individual investors, each of which held a shareholding interest of less than 5.0% in China Enterprise Capital.

Establishment of CEC Menswear HK and Faith Enterprise

On 5 June 2006, Faith Enterprise was incorporated in Hong Kong with Mr. Zhang Bruce Yongfu, the brother of Mr. Zhang Yongli, then holding its entire issued share capital. CEC Menswear HK was incorporated in Hong Kong on 11 July 2006 with China Enterprise Capital then holding its entire issued share capital. In 2006, CEC Menswear HK acquired from Guangdong Rieys its 34.0% equity interest in each of Shanghai Doright and Dezhou Sino-Union for a consideration of RMB68 million and RMB34 million, respectively. In the same year, Faith Enterprise acquired from Somanco Pty Ltd. its 30.0% equity interest in each of Shanghai Doright and Dezhou Sino-Union for a consideration of US\$360,000 and US\$180,000, respectively. These acquisitions were part of the then proposal to consolidate the equity interests in each of Shanghai Doright and Dezhou-Sino Union into the group of companies then held by CEC Outfitters. The consideration for each of the acquisitions was determined as a result of, among other things, arm’s length commercial negotiations between the relevant vendors and purchasers having regard to, among other things, the financial position, in particular the profitability, of Shanghai Doright and Dezhou Sino-Union at the time of the acquisitions.

Pursuant to a sale and purchase agreement dated 27 October 2006 entered into between CEC Outfitters, China Enterprise Capital, Mr. Zhang Bruce Yongfu, CEC Menswear BVI and Vinglory, China Enterprise Capital and Mr. Zhang Bruce Yongfu transferred their respective shareholding interests in CEC Menswear HK and Faith Enterprise to CEC Outfitters. In consideration, CEC Menswear BVI, a wholly-owned subsidiary of China Enterprise Capital, and Vinglory, a company which is wholly-owned by Mr. Zhang Bruce Yongfu, became the holders of 51.6% and 48.4%, respectively, of the then issued share capital of CEC Outfitters. As a result of these transfers, CEC

HISTORY AND CORPORATE STRUCTURE

Outfitters, through its 100.0% shareholding in each of CEC Menswear HK and Faith Enterprise, obtained an aggregate of 64.0% equity interest in each of Shanghai Doright and Dezhou Sino-Union which, together, in turn wholly-owned the other PRC Operating Subsidiaries that were in existence at that time.

In 2007, CEC Menswear HK acquired from Guangdong Rieys a further 5.0% equity interest in each of Shanghai Doright and Dezhou Sino-Union for a consideration of RMB5.15 million and RMB18.35 million, respectively. The consideration for each of the acquisitions was determined as a result of, among other things, arm's length commercial negotiations between the vendor and purchaser having regard to, amongst others, the financial position, in particular the profitability, of Shanghai Doright and Dezhou Sino-Union at the time of the acquisitions.

History of Sky Trend

Sky Trend was incorporated in Hong Kong on 24 October 2007 with Mr. To Hung and Mr. Chen then holding 50.1% and 49.9% of its issued share capital, respectively. By two equity transfer agreements dated 14 November 2007 and 28 November 2007, Guangdong Rieys transferred its 31.0% equity interest in each of Shanghai Doright and Dezhou Sino-Union, respectively, to Sky Trend for a consideration of RMB54.52 million and RMB93.48 million, respectively.

Transfer of Sky Trend to CEC Outfitters

On 13 June 2008 and 9 July 2008, CEC Outfitters acquired from Mr. To Hung and Mr. Chen their 50.1% and 49.9% shareholding interests in Sky Trend, respectively. In consideration for his 49.9% shareholding interest in Sky Trend, Mr. Chen was issued with 11,195 shares in CEC Outfitters. The consideration for the acquisitions of the entire issued share capital in Sky Trend by CEC Outfitters was funded by the proceeds of the Term Loan in the amount of US\$15 million and the Orchid Notes in the amount of US\$18 million. Such consideration was determined as a result of, among other things, arm's length commercial negotiations between the vendors and purchaser having regard to, among other things, the financial position, in particular the profitability, of Shanghai Doright and Dezhou Sino-Union at the time of the acquisitions. As a result of these transfers, CEC Outfitters, through CEC Menswear HK, Faith Enterprise and Sky Trend, became the indirect holder of the entire equity interests in each of Shanghai Doright and Dezhou Sino-Union.

Shanghai Xunge

Shanghai Xunge was established as a limited liability company in the PRC on 9 October 2008 with Shanghai Doright and Shanghai Caishou Cosmetics Co., Ltd., an Independent Third Party, holding a 55.0% and 45.0% equity interest, respectively. In 2010, Shanghai Caishou Cosmetics Co., Ltd., as part of its corporate reorganisation, transferred its 45.0% equity interest in Shanghai Xunge to Mr. Chen Xihui (陳錫輝), who is, other than his interests in Shanghai Xunge, an Independent Third Party for a consideration of RMB450,000. In November 2008, Shanghai Xunge was granted the right as an authorised retailer to sell apparel products under the Koyo Jeans brand to consumers in China.

London Fog (China) and London Fog Shanghai

To acquire and develop the London Fog brand in China, CEC Outfitters entered into the London Fog Shareholders' Agreement with Iconix for the establishment of London Fog (China), which was incorporated in Hong Kong on 26 February 2009. Iconix was the owner of the trademarks registered

HISTORY AND CORPORATE STRUCTURE

in the PRC, Hong Kong, Macau and Taiwan used by our London Fog branded products. On 23 April 2009, CEC Outfitters and Iconix subscribed for 6,000,000 and 3,000,000 shares in London Fog (China), representing 66.67% and 33.33% of its issued share capital, respectively. The subscription price for the 3,000,000 shares in London Fog (China) was satisfied by Iconix through offsetting the consideration payable by London Fog (China) for the assignment of the relevant London Fog trademarks to London Fog (China) under the Trademark Assignment Agreement. On 31 May 2009, London Fog Shanghai was established as a limited liability company in the PRC with London Fog (China) and Shanghai Doright holding a 60.0% and 40.0% equity interest, respectively.

On 30 March 2010, Iconix assigned all its rights and obligations under the London Fog Shareholders' Agreement and the Trademark Assignment Agreement to its wholly-owned subsidiary, ICL London Fog, and transferred all of its 33.33% shareholding interest in London Fog (China) to ICL London Fog. Please refer to the section headed "Arrangements with respect to London Fog (China)" in this prospectus for further details on the rights of ICL London Fog under the London Fog Shareholders' Agreement.

The PRC Operating Subsidiaries

The PRC Operating Subsidiaries have been the major operating companies of our Group in the manufacturing and sale of branded apparel products in China since 1999. Shanghai Doright is responsible for brand management and product design as well as the procurement of raw materials, management of production outsourcing and management of our third-party retailers from 2010, while Dezhou Sino-Union is designated to manage manufacturing of our products. Guangdong Leaderway has the responsibility of procuring raw materials and managing outsourcing of our production to third-party manufacturers. Beijing Bolderway and Shanghai Bolderway and Ruiguo Suzhou are our key subsidiaries mainly responsible for managing sales through our self-operated retail points and retail points operated by our third-party retailers. Guangzhou Ruitang and Sichuan Bolderway are responsible for operating our self-operated stores. Shangyong Zhanguai is responsible for manufacturing and sales of product showcases and accessories for our self-operated retail points and retail points operated by our third-party retailers.

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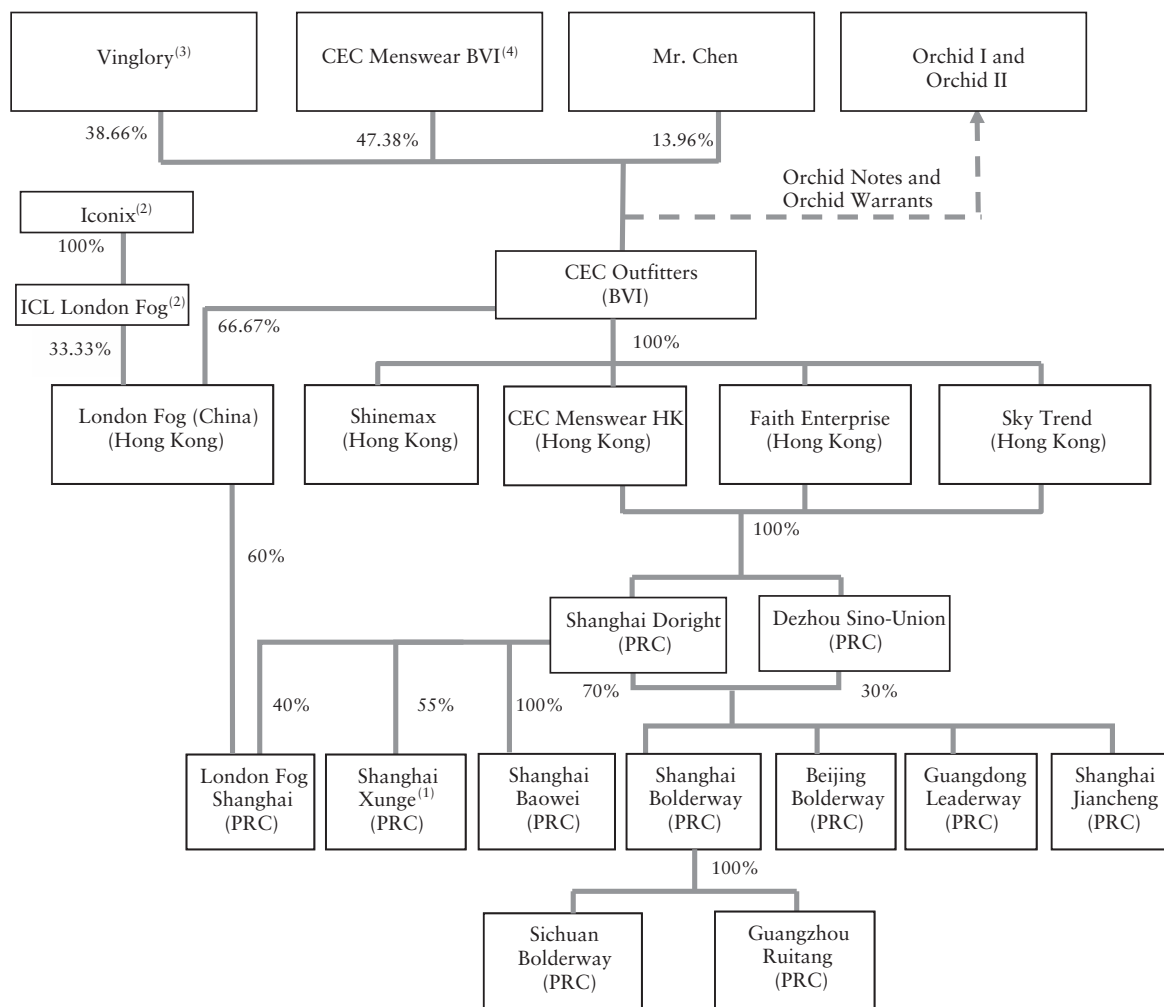
The following are important milestones in our business history to date:

| Year | Event |
|-------------|--|
| 2000 | We obtained the licence to design, manufacture and sell apparel products under the SBPRC brand and launched a series of apparel products under this brand in China. |
| 2002 | We obtained the licence to design, manufacture and sell apparel products under the JEEP brand in China. |
| 2003 | We obtained the licence to design, manufacture and sell apparel products under the Sideout brand and developed a series of apparel products under the JEEP and Sideout brands in China. |
| 2006 | We developed our own Doright brand and launched a series of menswear products under the Doright brand in China. CEC Outfitters obtained a controlling interest in our PRC Operating Subsidiaries. |
| 2007 | We obtained the licence to design, manufacture and sell apparel products under the Hallmark brand and launched a series of apparel products under the Hallmark brand in China. |
| 2008 | CEC Outfitters became the indirect holder of 100% equity interest in our PRC Operating Subsidiaries. We were granted the right as an authorised retailer to sell apparel products under the Koyo Jeans brand in China. |
| 2009 | We acquired the right to use the London Fog brand for apparel products and launched a series of menswear and womenswear products under the London Fog brand in China. |

HISTORY AND CORPORATE STRUCTURE

CORPORATE REORGANISATION

The corporate structure of the Group immediately prior to the commencement of the Corporate Reorganisation is set out below:



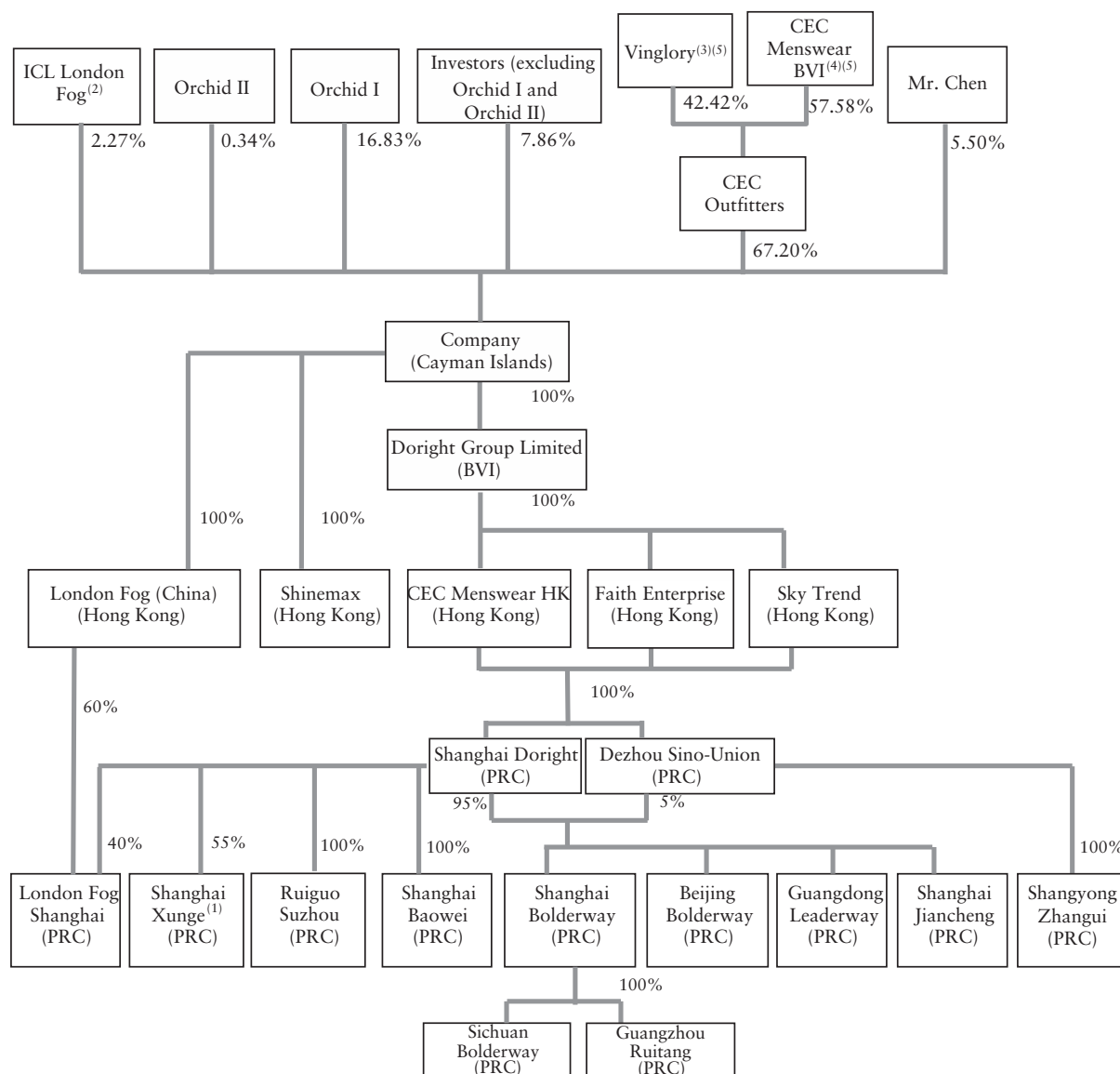
Note:

- (1) Mr. Chen Xihui (陳錫輝) is the holder of 45.0% equity interest in Shanghai Xunge. Other than the 45.0% equity interests in Shanghai Xunge, Mr. Chen Xihui is an Independent Third Party.
- (2) Prior to the Corporate Reorganisation, other than the 33.33% shareholding in London Fog (China), Iconix and ICL London Fog are otherwise Independent Third Parties. On 23 May 2011, ICL London Fog completed the exercise of the IPO Put Option and, on 10 June 2011, became a Shareholder in our Company. Please refer to the section entitled “Arrangements with respect to London Fog (China)” in this prospectus for further details.
- (3) Vinglory is wholly-owned by Mr. Zhang Bruce Yongfu, the brother of Mr. Zhang Yongli, our Chief Executive Officer.
- (4) CEC Menswear BVI is wholly-owned by China Enterprise Capital.

Full details of the Corporate Reorganisation are set out in the section headed “Appendix VI — Corporate Reorganisation” in this prospectus.

HISTORY AND CORPORATE STRUCTURE

The corporate structure of our Group as at the Latest Practicable Date is set out below:



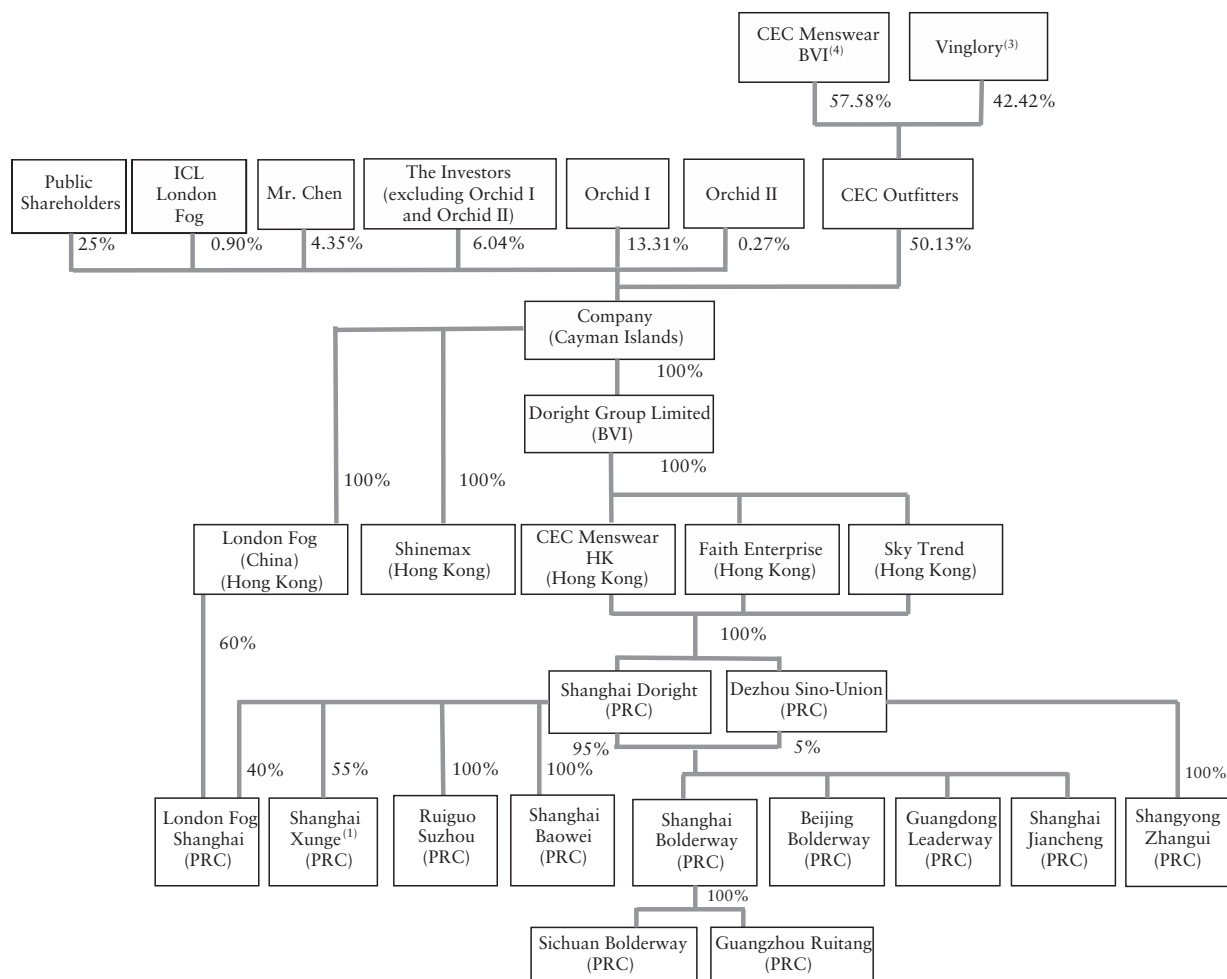
Notes:

- (1) Mr. Chen Xihui (陳錫輝) is the holder of 45% equity interest in Shanghai Xunge. Other than the 45% equity interests in Shanghai Xunge, Mr. Chen Xihui is an Independent Third Party.
- (2) On 23 May 2011, ICL London Fog completed the exercise of the IPO Put Option and, on 10 June 2011, became a shareholder in our Company. Please see the section entitled “Arrangements with respect to London Fog (China)” in this prospectus for further details.
- (3) Vinglory is wholly-owned by Mr. Zhang Bruce Yongfu, the brother of Mr. Zhang Yongli, our Chief Executive Officer.
- (4) CEC Menswear BVI is wholly-owned by China Enterprise Capital.
- (5) Vinglory and CEC Menswear BVI have been acting in concert in relation to the exercise of voting rights in CEC Outfitters during the Track Record Period.

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STRUCTURE UPON LISTING

The corporate structure of our Group immediately after completion of the Corporate Reorganisation, the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised) is set out below:



Notes:

- (1) Mr. Chen Xihui (陳錫輝) is the holder of 45.0% equity interest in Shanghai Xunge. Other than the 45.0% equity interests in Shanghai Xunge, Mr. Chan Xihui is an Independent Third Party.
- (2) ICL London Fog completed the exercise of the IPO Put Option on 23 May 2011 and became a shareholder in our Company on 10 June 2011. Please refer to the section headed “Arrangements with respect to London Fog (China)” in this prospectus for further details.
- (3) Vinglory is wholly-owned by Mr. Zhang Bruce Yongfu, the brother of Mr. Zhang Yongli, our Chief Executive Officer.
- (4) CEC Menswear BVI is wholly-owned by China Enterprise Capital.
- (5) Mr. Chen is the Chairman and President of Guangdong Rieys, a company whose shares are listed on the Shenzhen Stock Exchange. Mr. Chen is also an indirect shareholder of Guangdong Rieys which transferred the equity interests in Guangdong Leaderway, Shanghai Bolderway, Shanghai Baowei, Shanghai Doright and Dezhou Sino-Union to our Group through a series of transfers in 2006. Mr. Chen is a standing member of the Political Consultative Conference of Puning, Guangdong province, the Vice Chairman of the Costume Association of Guangdong province and the Vice Chairman of Costume Association of Shenzhen City. He also acts as a director of 普寧市升恒昌貿易發展有限公司 (Puning Shenghengchang Trade Development Co., Ltd.*). Mr. Chen is also one of the founding shareholders of Sky Trend. Other than Mr. Chen’s shareholding interest in our Company, he is otherwise an Independent Third Party.

INVESTMENTS IN CEC OUTFITTERS

PROMISSORY NOTES AND WARRANTS

On 15 June 2008, CEC Outfitters, among others, entered into the Purchase Deed with each of the Warrantholders pursuant to which CEC Outfitters agreed to issue the Promissory Notes and the Warrants to each of the Warrantholders in an aggregate amount of US\$22 million. The Promissory Notes were issued by CEC Outfitters for the purpose of funding part of the consideration for the acquisition of the entire issued share capital in Sky Trend, which in turn owned 31% shareholding interests in each of Shanghai Doright and Dezhou Sino-Union, in 2008. Each of the Promissory Notes bears a coupon interest of 5.0% per annum, payable semi-annually in arrears.

Pursuant to the terms of the Warrants, each of the Warrantholders (or their respective assignees) was entitled to exercise its Warrant to subscribe for such number of shares in CEC Outfitters (the “Warrant Shares”) equal to the principal amount of the respective Promissory Note held by each of them divided by the exercise price per Warrant Share (subject to anti-dilution adjustments as provided in the respective Warrant instrument). The exercise price was arrived at after arm’s length negotiations between CEC Outfitters and each of the Warrantholders based on a pre-determined price-to-earnings of CEC Outfitters and the audited net profit of CEC Outfitters for the year 2007. The Warrants and the attached subscription rights expire upon the earlier of (a) 16 June 2011, being the third anniversary of the date of issuance of the Warrants and (b) the listing of our Group that does not constitute a Qualified IPO. If a Qualified IPO does not occur at the expiration of the third anniversary of the date of issuance of the Warrants, the expiration date of the Warrants will be automatically extended for another three years.

The following table sets out (i) the principal amount of each of the Promissory Notes and their respective holders; and (ii) the number of Warrant Shares for which each of the Warrantholders was entitled to subscribe upon exercise of their respective Warrants in full at the exercise price of US\$1,139.42 (assuming there is no adjustment to the exercise price pursuant to the respective warrant instruments):

| <u>Name of Warrantholder</u> | <u>Principal amount of the Promissory Notes (US\$)</u> | <u>Number of Warrant Shares</u> |
|------------------------------|--|-------------------------------------|
| CEC Menswear BVI | 4,000,000 ⁽¹⁾ | 3,511 ⁽¹⁾ |
| Orchid I | 17,640,000 | 15,481 |
| Orchid II | <u>360,000</u> | <u>316</u> |
| Total | 22,000,000 | 19,308 |

Notes:

- (1) On 23 June 2008, the CEC Menswear BVI Note was repaid in full and the CEC Menswear BVI Warrant was terminated upon such repayment pursuant to the Deed of Release.

INVESTMENTS IN CEC OUTFITTERS

On 16 June 2008, CEC Outfitters, Mr. Chen and Vinglory entered into a shareholders' and investors' rights agreement (as amended by an amendment deed dated 8 July 2008) (the "**Shareholders' and Investors' Rights Agreement**") with the Warranholders pursuant to which, among other things:

- (i) each of Orchid I and Orchid II is entitled to designate a non-voting observer to attend board meetings of CEC Outfitters;
- (ii) Orchid I and Orchid II were given various rights, including a right of first refusal and co-sale right if any shareholder of CEC Outfitters proposes to sell or otherwise transfer any shares in CEC Outfitters to any person or entity;
- (iii) Orchid I and Orchid II were given minority shareholders' rights such as pre-emptive rights (to the extent that they became shareholders of CEC Outfitters), reserved matters and information rights; and
- (iv) the parties to the agreement undertook to use their best efforts to achieve a Qualified IPO of CEC Outfitters or the entity comprising substantially the business and assets of CEC Outfitters, including our Company within a specified period.

The Shareholders' and Investors' Rights Agreement will terminate as between the Warranholders and other parties to the agreement upon the full redemption of all of the Promissory Notes and the expiry of the Warrants, except where any Warranholders have otherwise become shareholders of CEC Outfitters, then the Shareholders' and Investors' Rights Agreement shall terminate upon such Warranholders ceasing to hold any shares in CEC Outfitters.

To secure the liabilities of CEC Outfitters under the Purchase Deed, the Warrants and the Promissory Notes:

- (i) CEC Menswear BVI charged all of its shareholding interest in CEC Outfitters and CEC Outfitters charged all of its shareholding interest in CEC Menswear HK, Faith Enterprise and Sky Trend to the Warranholders by the Share Charge; and
- (ii) CEC Outfitters charged some of its assets in favour of the Warrantoholders by the Debenture.

On 23 June 2008, CEC Outfitters repaid the CEC Menswear BVI Note in full and the CEC Menswear BVI Warrant was terminated upon such repayment pursuant to the Deed of Release.

As a result of the repayment and termination of the CEC Menswear BVI Note and the termination of the CEC Menswear BVI Warrant, the Share Charge and the Debenture were released pursuant to the Deed of Release and replaced with the following to secure the obligations of CEC Outfitters under the Term Loan, the Purchase Deed and the Orchid Notes:

- (i) CEC Menswear BVI and Vinglory charged all of their respective shareholding interest in CEC Outfitters and CEC Outfitters charged all of its shareholding interest in CEC Menswear HK, Faith Enterprise and Sky Trend to the Standard Bank Asia Limited, for itself and as security trustee of, among others, Orchid I and Orchid II by the Share Charge II;

INVESTMENTS IN CEC OUTFITTERS

- (ii) CEC Outfitters, CEC Menswear HK, Faith Enterprise, and Sky Trend charged certain of their respective assets in favour of Standard Bank Asia Limited, for itself and as security trustee of, among others, Orchid I and Orchid II, by the Security Document; and
- (iii) CEC Menswear HK, Faith Enterprise and Sky Trend pledged their respective equity interests in Shanghai Doright and Dezhou Sino-Union in favour of Standard Bank of Asia Limited, for itself and as security trustee of, among others, Orchid I and Orchid II, by the Equity Pledge Contracts.

Under the terms of each of the Equity Pledge Contracts, each of CEC Menswear HK, Faith Enterprise and Sky Trend is entitled to retain any cash income, including dividends, derived from their respective equity interests in Shanghai Doright and Dezhou Sino-Union until the pledge created by the relevant Equity Pledge Contract becomes enforceable.

By a deed of release dated 26 October 2010, the Share Charge II was released.

On 3 May 2011, each of Orchid I and Orchid II exercised the Orchid I Warrant and Orchid II Warrant in full and on 4 May 2011 subscribed for 15,481 and 316 shares in CEC Outfitters, respectively. The subscription price for the Warrant Shares was satisfied by Orchid I and Orchid II by offsetting the outstanding amounts under the Orchid I Note and Orchid II Note, respectively, and, as a result, none of the Promissory Notes remains outstanding and the Shareholders' and Investors' Rights Agreement was terminated as between Orchid I and Orchid II and other parties to the agreement. On 24 March 2011, CEC Outfitters also repaid the amount outstanding under the Term Loan in full. The security interests created under the Equity Pledge Contracts and Security Document were released in full by a deed of release dated 28 April 2011 between Standard Bank Asia Limited, Orchid I, Orchid II, CEC Outfitters, CEC Menswear HK, Faith Enterprise and Sky Trend.

As part of our Corporate Reorganisation, CEC Outfitters has repurchased some of its own shares in issue from certain of its shareholders, including Orchid I and Orchid II, in consideration for the transfer for our Shares to allow them to become direct holders of our Shares. For details, please see the section entitled "Appendix VI — Statutory and General Information — Corporate Reorganisation" in this prospectus. The per share exercise price of US\$1,139.42 for the Warrant Shares translates to a price per Share of HK\$0.29 and represents a discount of approximately 86.82% to an Offer Price of HK\$2.20 per Share (being the mid-point of the indicative Offer Price range between HK\$1.90 and HK\$2.50). Details of the shareholding interests of Orchid I and Orchid II in our Company immediately following completion of the Corporate Reorganisation, Capitalisation Issue and Global Offering (assuming the Over-allotment Option is not exercised) is set out in the section headed "History and Corporate Structure — Structure upon Listing" of this prospectus.

Information regarding Orchid I and Orchid II

Orchid I is an exempted limited partnership registered under the laws of the Cayman Islands. Orchid I is part of Orchid Asia Group Management Ltd., an investment group which assists corporate executives of companies in the consumer service and products sectors with high growth prospects to formulate strategies to finance and expand their business enterprises. The investment group focuses in particular on companies in Asia and China. Orchid I is an investment partnership that has capital commitments from a group of institutional investors and high net worth individuals.

INVESTMENTS IN CEC OUTFITTERS

Orchid II is a limited liability company incorporated under the laws of the Cayman Islands. Orchid II is also part of Orchid Asia Group Management Ltd. Orchid II is an investment special purpose vehicle which may invest outside of and alongside with Orchid Asia Group Management Ltd. in any portfolio investments.

Other than their respective shareholding in our Company, both Orchid I and Orchid II are Independent Third Parties.

ARRANGEMENTS WITH RESPECT TO LONDON FOG (CHINA)

ICL LONDON FOG IPO-PUT OPTION AND POST-IPO PUT OPTION

CEC Outfitters entered into the London Fog Shareholders' Agreement with Iconix to acquire and develop the London Fog brand in China and for the establishment of London Fog (China) as part of our Group's multi-brand strategy. Iconix was the owner of the trademarks registered in the PRC, Hong Kong, Macau and Taiwan used by our London Fog branded products. In accordance with the London Fog Shareholders' Agreement, Iconix assigned to London Fog (China), a subsidiary of ours, the ownership of the trademarks registered in the PRC, Hong Kong, Macau and Taiwan used by our London Fog branded products pursuant to the Trademark Assignment Agreement.

On 30 March 2010, Iconix assigned all its rights and obligations under the London Fog Shareholders' Agreement and the Trademark Assignment Agreement to its wholly-owned subsidiary, ICL London Fog, as part of their internal reorganisation. Under the London Fog Shareholders' Agreement which has terminated upon completion of the exercise of the IPO Put Option, among other things:

- (i) ICL London Fog is entitled to appoint one out of five directors to the board of directors of London Fog (China);
- (ii) ICL London Fog and CEC Outfitters are entitled to tag along rights and drag along rights, respectively, if CEC Outfitters proposes to sell its shares in London Fog (China) to any person or entity; and
- (iii) if London Fog (China) or London Fog Shanghai allots and issues shares or issues other securities convertible or exchangeable into its shares, ICL London Fog is entitled to subscribe to newly issued shares of London Fog (China) at no cost in order to maintain its overall shareholding of no less than 20% in the indirect ownership of London Fog Shanghai.

IPO Put Option

Under the London Fog Shareholders' Agreement, ICL London Fog is entitled to an option (the "IPO Put Option") to convert all (and not part only) of ICL London Fog's shares in London Fog (China) into shares in CEC Outfitters at a price per share of London Fog (China) ("LFC Share Price") which equals to:

$$C = \frac{A}{B}$$

where:

- A is the greater of RMB18 million or the actual Earnings (as defined below) of London Fog (China) if it exceeds RMB18 million;
- B is the total number of shares in London Fog (China) in issue at the completion of the exercise of the IPO Put Option; and
- C is the LFC Share Price.

ARRANGEMENTS WITH RESPECT TO LONDON FOG (CHINA)

Upon exercise of the IPO Put Option, the total number of shares in CEC Outfitters into which each share of London Fog (China) can be converted is calculated as follows:

$$G = \frac{F}{\left(1 - \frac{C \times D}{E}\right)} - F$$

where:

- C is the LFC Share Price;
- D is the number of shares in London Fog (China) held by ICL London Fog immediately before completion of the exercise of the IPO Put Option;
- E is the consolidated net profit of our Group for the year ended 31 December 2010;
- F is the total number of shares in CEC Outfitters in issue, assuming that the Orchid Warrants have been exercised in full; and
- G is the number of shares in CEC Outfitters into which each share of London Fog (China) will be converted.

The conversion formulae in respect of the IPO Put Option were determined based on the portion of our Group's net profit in the fiscal year immediately preceding the exercise of the IPO Put Option attributable to the Earnings of London Fog (China) and ICL London Fog's shareholding in London Fog (China) before the conversion.

Post-IPO Put Option

If ICL London Fog does not exercise the IPO Put Option prior to Listing, ICL London Fog is entitled to, within three years from the Listing Date and subject to the Listing Rules and other rules and guidelines of regulatory agencies applicable to our Company, require (the "Post-IPO Put Option") CEC Outfitters or our Company to purchase any or all of ICL London Fog's shares in London Fog (China) in exchange for Shares at a price per share of London Fog (China) (the "Post-IPO LFC Share Price") which equals to:

$$K = \frac{H \times J}{I}$$

where:

- H is the actual Earnings of the Company;
- I is the total number of shares in London Fog (China) in issue at the time of exchange of shares;
- J is the price-to-earnings ratio (the "Post-IPO P/E") of the Shares' market price averaged over the 60-trading day period immediately prior to the date of ICL London Fog's notice to CEC Outfitters to exercise the Post-IPO Put Option (the "Post-IPO Market Price"); and
- K is the Post-IPO LFC Share Price.

ARRANGEMENTS WITH RESPECT TO LONDON FOG (CHINA)

Upon exercise of the Post-IPO Put Option, the number of Shares into which each share in London Fog (China) can be exchanged is calculated as follows:

$$M = \frac{K}{L}$$

where:

K is the Post-IPO LFC Share Price;

L is the Post-IPO Market Price; and

M is the number of Shares into which each share of London Fog (China) can be exchanged.

“Earnings” used in this section of this prospectus means the net profit after tax but before amortisation of intangible assets or provision for impairment of goodwill or minority interests as shown in the audited consolidated accounts of London Fog (China) in the fiscal year immediately preceding the exercise of the IPO Put Option.

On 23 May 2011, ICL London Fog completed the exercise of the IPO Put Option and subscribed for 2,233 shares in CEC Outfitters. As a result of the exercise of the IPO Put Option, the London Fog Shareholders’ Agreement and thus the Post-IPO Put Option have terminated. As part of our Corporate Reorganisation, CEC Outfitters repurchased some of its own shares in issue from certain of its shareholders, including ICL London Fog, in consideration for the transfer for our Shares to allow them to become direct holders of our Shares. For details, please see the section entitled “Appendix VI — Statutory and General Information — Corporate Reorganisation” in this prospectus. The LFC Share Price translates to a Share price of HK\$0.11 and represents a discount of approximately 95% to an Offer Price of HK\$2.20 per Share (being the mid-point of the indicative Offer Price range between HK\$1.90 and HK\$2.50. After completion of the Corporate Reorganisation and exercise of the IPO Put Option, the entire issued share capital of London Fog (China) was transferred to our Company on 9 June 2011. Further details are set out in the section headed “Appendix VI — Statutory and General Information — Corporate Reorganisation” in this prospectus for further details.

Information regarding ICL London Fog and Iconix

ICL London Fog is a wholly-owned subsidiary of Iconix, which is a joint venture between Iconix Brand Group Inc. and Novel Fashion Holding Limited. Iconix Brand Group Inc. is a brand management company listed on the NASDAQ of the U.S. which owns, licenses and markets a portfolio of consumer brands worldwide and in particular the U.S. Other than the respective shareholdings of ICL London Fog and Iconix Investments in our Company upon completion of our Corporate Reorganisation, each of ICL London Fog, Iconix, Iconix Brand Group Inc. and Novel Fashion Holding Limited is an Independent Third Party.

PRE-IPO CEC OUTFITTERS SHARE TRANSFER

TRANSFER OF CEC OUTFITTERS SHARES BY MR. CHEN AND VINGLORY TO THE INVESTORS

On 22 October 2010, Mr. Chen and, among others, Vinglory entered into the CEC Outfitters Share Purchase Agreement with the Investors, pursuant to which each of Mr. Chen and Vinglory agreed to sell 5,794 shares and 3,000 shares, respectively, in CEC Outfitters (the “Pre-IPO Shares”) to the Investors at the consideration of RMB31,252.60 per share or a total purchase price of RMB274,835,364.40 (the “CEC Outfitters Share Transfer”), subject to price adjustment. Proceeds from the CEC Outfitters Share Transfer were paid to the vendors of the Pre-IPO Shares, namely Mr. Chen and Vinglory. The consideration was determined after arm’s-length negotiations among Mr. Chen, Vinglory and each of the Investors taking into account the 2010 price-earnings ratio of 12 times of CEC Outfitters. Pursuant to the price adjustment provisions in the CEC Outfitters Share Purchase Agreement, each of the Investors is entitled to receive additional amounts as price adjustments to the consideration based on the following price adjustment formula, if the Adjusted Valuation (as defined below) is less than RMB3 billion:

$$\begin{array}{rcl}
 \text{Amount of} & & \\
 \text{consideration} & & \\
 \text{adjustment} & & \\
 \text{payable to} & & \\
 \text{an Investor} & = & \text{Consideration} \\
 & & \text{paid by an} \\
 & & \text{Investor for} \\
 & & \text{the Pre-IPO} \\
 & & \text{Shares in} \\
 & & \text{RMB} \\
 & \times & \left(1 - \frac{12 \times \text{audited consolidated net income of CEC} \right. \\
 & & \quad \left. \text{Outfitters for the year ended 31 December 2010} \right. \\
 & & \quad \left. \text{(the “Adjusted Valuation”)} \right) \\
 & & \text{RMB3 billion}
 \end{array}$$

As the Adjusted Valuation is not less than RMB3 billion, Mr. Chen and Vinglory were not required to pay any additional amounts to the Investors as price adjustments pursuant to the terms of the CEC Outfitters Share Purchase Agreement.

The above reference to the Adjusted Valuation being less than, more than or equal to RMB3 billion is a benchmark that Mr. Chen and Vinglory pre-agreed with the Investors for the purposes of the price adjustment mechanism, which is a pre-determined private arrangement among the parties to the CEC Outfitters Share Purchase Agreement. Other than the above price adjustment mechanism, there is no further adjustment to the purchase price of the Pre-IPO Shares as part of the terms of the investments by the Investors. The per share price of RMB31,252.60 for the Pre-IPO Shares translates to a price per Share of HK\$1.26 and represents a discount of approximately 42.73% to an Offer Price of HK\$2.20 per Share (being the mid-point of the indicative Offer Price range between HK\$1.90 and HK\$2.50).

Under the CEC Outfitters Share Purchase Agreement, each of Mr. Chen and Vinglory is entitled to, in respect of the Pre-IPO Shares, any dividend or other distribution of profits made by CEC Outfitters for the year ended 31 December 2010. Completion of the CEC Outfitters Share Transfer took place by two stages with the initial completion (the “Initial Completion”) for the sale of 2,794 Pre-IPO Shares by Mr. Chen to the Investors on 1 November 2010 and the second completion (the “Second Completion”) for the sale of 3,000 Pre-IPO Shares by each of Mr. Chen and Vinglory to the Investors on 31 December 2010.

PRE-IPO CEC OUTFITTERS SHARE TRANSFER

Upon the Initial Completion, the Investors together with CEC Menswear BVI, Vinglory, Mr. Chen and CEC Outfitters entered into an accession deed in relation to the Shareholders' and Investors' Rights Agreement, pursuant to which the Investors undertook to assume and perform all the duties and obligations of a shareholder of CEC Outfitters and to be bound by and comply with provisions of the Shareholders' and Investors' Rights Agreement which are capable of applying to the Investors.

The following table sets out the shareholding interest acquired by each of the Investors in CEC Outfitters under the CEC Outfitters Share Transfer and their respective shareholdings in our Company immediately after completion of the Corporate Reorganisation, Capitalisation Issue and Global Offering:

| Investor | Number of Pre-IPO Shares acquired | Shareholding percentage in CEC Outfitters immediately after the Second Completion ⁽¹⁾ | Number of Shares immediately after completion of the Corporate Reorganisation, Capitalisation Issue and Global Offering | Shareholding percentage in the Company immediately after completion of the Corporate Reorganisation, Capitalisation Issue and Global Offering ⁽¹⁰⁾ |
|---|--------------------------------------|---|---|--|
| IDG I ⁽²⁾ | 3,280 | 4.090% | 98,400,000 | 2.64% |
| IDG II ⁽³⁾ | 152 | 0.190% | 4,560,000 | 0.12% |
| CCC ⁽⁴⁾ | 2,788 | 3.477% | 83,640,000 | 2.24% |
| Mousse ⁽⁵⁾ | 858 | 1.070% | 25,740,000 | 0.69% |
| Iconix Investments ⁽⁶⁾ | 214 | 0.267% | 0 ⁽¹¹⁾ | 0% |
| Grandwin ⁽⁷⁾ | 429 | 0.535% | 12,870,000 | 0.35% |
| Orchid I | 1,052 | 1.312% | 495,990,000 ⁽⁸⁾ | 13.31% ⁽⁸⁾ |
| Orchid II | 21 | 0.026% | 10,110,000 ⁽⁹⁾ | 0.27% ⁽⁹⁾ |
| Total | 8,794 | 10.967% | 731,310,000 | 19.62% |

Details of the shareholding structure of our Company immediately following completion of the Corporate Reorganisation, Capitalisation Issue and Global Offering (assuming the Over-allotment Option is not exercised) is set out in the section headed “History and Corporate Structure — Structure upon Listing” of this prospectus.

Notes:

- (1) At the time of the Second Completion, the total number of issued shares of CEC Outfitters was 80,195 and the Warrants and the IPO Put Option had not been exercised.
- (2) IDG I is an exempted limited partnership registered under the laws of the Cayman Islands. IDG I is backed by International Data Group (a leading global technology media company) and Accel Partners (a leading venture capital firm) and managed by IDG Capital Partners.
- (3) IDG II is an exempted limited partnership registered under the laws of the Cayman Islands. IDG II is backed by International Data Group (a leading global technology media company) and Accel Partners (a leading venture capital firm) and managed by IDG Capital Partners.




PRE-IPO CEC OUTFITTERS SHARE TRANSFER

- (4) CCC is an exempted limited partnership registered under the laws of the Cayman Islands. CCC is managed by China Consumer Capital Partners Ltd., a China-focused investment firm focusing on China consumer and retail industry investments. China Consumer Capital Partners Ltd. has extensive domestic and international industry resources and investment experience, with strengths in bringing strategic value to target companies.
- (5) Mousse is an exempted limited partnership registered under the laws of the Cayman Islands with a portfolio which focuses on investing in private equity and hedge funds. Mousse also selectively and directly invests in different consumer markets globally.
- (6) Iconix Investments is a company incorporated in the BVI with limited liability and wholly owned by Iconix China Holdings Ltd., which belongs to the same group of company as Iconix and ICL London Fog.
- (7) Grandwin is wholly-owned by Mr. Leung Pak To.
- (8) The number of Shares and the shareholding interest in our Company have taken into account the shares acquired by Orchid I as a result of exercising the Orchid I Warrant.
- (9) The number of Shares and the shareholding interest in our Company have taken into account the shares acquired by Orchid II as a result of exercising the Orchid II Warrant.
- (10) Shareholding percentages assume the Over-allotment Option is not exercised and do not take into account any exercise of options granted or to be granted under the Pre-IPO Share Option Scheme and Share Option Scheme.
- (11) Iconix Investments is one of the Selling Shareholders and offered 6,420,000 Shares for subscription and purchase under the International Placing.

The Shareholders' and Investors' Rights Agreement which regulates the affairs of CEC Outfitters terminated upon completion of the repurchase of shares by CEC Outfitters as part of the Corporate Reorganisation when such shareholders ceasing to hold any shares in CEC Outfitters. None of the Investors will enjoy any special rights in our Company after the Listing. Other than their respective shareholding in our Company, each of the Investors is an Independent Third Party.

BUSINESS

OVERVIEW

We are a fast-growing⁽¹⁾ apparel design, manufacturing, marketing and sales company in the PRC with a focus on menswear. We offer a wide range of men's casual wear, including smart casual wear, outdoor casual wear, leisure wear and accessories, under several recognised international brands targeted at consumers in the mid-to-high income bracket. We design, manufacture and sell products under the JEEP **JEEP**, SBPRC , Sideout  and Hallmark  brands under licence, with products under the JEEP and SBPRC brands generating the highest sales during the Track Record Period amongst our brand portfolio. We have acquired the right to use the London Fog **LONDON FOG** brand for apparel products within China and, in 2009, we launched our womenswear series to complement our menswear series under the London Fog brand. We also offer menswear under our self-developed brand Doright **DORIGHT** and are an authorised retailer of apparel products under the Koyo Jeans brand in China. According to a commissioned report by Euromonitor, JEEP and SBPRC ranked fifth and tenth, respectively, in terms of total retail sales in the middle-to-high end men's casual wear market in the PRC in 2010.

We sell our products through an extensive sales network comprising self-operated retail points and retail points operated by third-party retailers located in 227 cities across 31 provinces, autonomous regions and municipalities in China. As at 31 December 2010, our sales network included a total of 393 self-operated retail points, comprising mostly concession counters as well as consignment stores and self-operated stores, in major cities in the PRC, such as Beijing, Shanghai, Chengdu and Shenzhen, and 493 retail points operated by third-party retailers, comprising concession counters and retail stores, in other cities in the PRC, such as Hohhot, Urumqi and Zhengzhou. We believe that our sales and retail model, with a balanced mix of retail points operated by ourselves and third-party retailers, has allowed us to grow rapidly and penetrate the vast PRC menswear market.

We seek to differentiate ourselves from our competitors by our range of menswear brands, each of which offers a distinct style, carries a unique philosophy and targets a specific customer group. We have strategically selected licensed brands with an established reputation that, we believe, appeal to men in the mid-to-high income bracket in China. The existing market recognition and goodwill carried by our licensed brands have enabled us to rapidly penetrate the men's smart casual wear, outdoor casual wear and leisure wear markets in the PRC.

Note:

- (1) According to a commissioned report by Euromonitor, the market shares of JEEP and SBPRC in the middle-to-high end men's casual wear market in the PRC increased from 2.8% and 1.6% in 2009 to 3.8% and 1.9% in 2010, respectively. The combined market share of these two brands also increased from 4.4% to 5.7% from 2009 to 2010 in the same market segment. In addition, retail sales of products under the JEEP brand in the PRC increased from approximately RMB605.5 million in 2009 to RMB961.9 million in 2010 (taking into account retail sales generated by our self-operated retail points and retail points operated by our third-party retailers), representing a growth rate of approximately 58.9%. Retail sales of products under the SBPRC brand in the PRC also increased from approximately RMB355.0 million to RMB480.5 million (taking into account retail sales generated by our self-operated retail points and retail points operated by our third-party retailers), representing a growth rate of approximately 35.3%. Based on these growth rates, JEEP and SBPRC are the two fastest growing brands, in terms of retail sales, among the top ten brands in the middle-to-high end men's casual wear market in the PRC between 2009 and 2010.

BUSINESS

We place great emphasis on the design and style of our products. We believe our design team possesses in-depth knowledge of the men's smart casual wear, outdoor casual wear and leisure wear market trends. We also believe our comprehensive range of products manifests the distinctive image of their respective brands and reflects the latest market trends.

We operate a supply chain model which seeks to minimise production costs by outsourcing most of our production. We believe that our outsourcing arrangement enables us to focus on our core strengths in brand selection, design and sales management, to minimise the need to invest in the establishment of large-scale production facilities and to avoid the costs of maintaining a labour force during off-peak production periods. We have our own production facilities in Dezhou, Shandong Province to manufacture mainly trousers, one of our key products.

We grew rapidly during the Track Record Period. Our revenue increased from RMB505.9 million for the financial year ended 31 December 2008 to RMB648.9 million for the financial year ended 31 December 2009, and to RMB910.0 million for the financial year ended 31 December 2010, representing an increase of approximately 28.3% and 40.2%, respectively. Whilst we believe that the significant growth of our revenue over the Track Record Period reflects the increased market demand for men's smart casual wear, outdoor casual wear and leisure wear and the improving economic conditions in China, we consider, more importantly, that our strategy in selling products under multiple brands through a growing sales network greatly contributed to such growth. Our net profit also grew significantly from RMB90.8 million in 2008 to RMB148.3 million in 2009, and to RMB263.9 million in 2010, representing an increase of approximately 63.3% and 78.0%, respectively.

OUR COMPETITIVE STRENGTHS

Our Directors consider that the following competitive strengths contribute to our success:

Strong position to benefit from and capture opportunities from the fast-growing PRC men's casual wear market

We are a fast-growing design, manufacturing, marketing and sales company for men's casual wear in China. We operate in a fast-growing industry. According to Euromonitor, in 2010, the total size of the menswear market in China reached RMB519.2 billion, growing at a CAGR of 19.7% from 2005. We believe such growth is attributable to the continuing strong growth in the PRC economy and increase in average spending on clothing in China, as well as apparel brand owners' greater marketing efforts. According to Euromonitor, the total size of the PRC menswear market is projected to continue to grow at a CAGR of approximately 10.7% from 2011 to 2015.

With our strength in brand management and product design, our extensive sales network and our experienced management team, we have been able to increase our revenue and net profit correspondingly in the fast-growing men's casual wear market in China during the Track Record Period. We believe that we will continue to benefit and capture the opportunities from the men's casual wear market in China.

Proven ability to select, position and manage brands

Part of our success is attributable to our ability to identify segments of the PRC menswear market with growth potential based on our knowledge in such market. We currently focus on smart casual wear and outdoor casual wear markets in the middle-to-high end men's casual wear segment, and this market mainly targets high income lifestyle seekers who are in pursuit of high quality life and personal image. We have been able to select recognised international brands which have become successful in these market segments due to their compatibility with the Chinese culture and the spending pattern of consumers in these segments. For instance, JEEP is a well-known brand for off-road automobiles which is closely associated with the image of “freedom” and “capability”, and we believe such image has resonated with our targeted male consumers in China who have an affinity to the automotive culture of America. SBPRC is a renowned prestigious polo sports club and we believe the associated brand image has become successful in attracting the increasingly affluent consumers in the Chinese menswear market.

Through careful positioning and management of each brand and by offering products which highlight each brand's unique image, we seek to target each of our brands at a specific and different segment of the market. This, we believe, has enabled us to capture an increasing market share and helped us maximise our revenue whilst avoiding competition amongst our brands. Our abilities to select the right brands and convert the culture and image of these brands into the underlying philosophies of fashion brands have allowed us to rapidly develop market reputation and the goodwill of our brands. Our experience in brand positioning and management has also enabled us to be responsive to the rapidly changing PRC menswear market and launch new brands to the market to capture new market opportunities arising from changes to consumer tastes and preferences.

Strong product design capabilities and broad product offerings

Our strong design capabilities have allowed us to design products which reflect the prevailing fashion trends whilst maintaining the heritage and unique style of each brand. Product design for most of our brands is done in-house by our team of designers based in Hong Kong and Shanghai, which we believe are two of the major fashion-conscious cities in the Greater China area. Building on our knowledge in the PRC menswear market and our observation of consumer preferences from our self-operated retail points, our design team is able to be responsive to the rapidly changing PRC menswear market and identify fabrics, styles and colours for our apparel products that correspond to the latest fashion trends and consumer preferences. Our in-house design team is headed by our chief designer, who graduated from the fashion design institutions of Ecole Bellecour Supdmod (Haute Couture) Lyon and Académie Internationale de Coupe de Paris in France. In-house design allows our designers to maintain an in-depth understanding of our brand philosophies and culture. From time to time, we recruit new members for our design team who, we believe, would bring us fresh ideas.

We believe a wide range of product offerings is one of the keys to our success. Our design team produces a variety of product designs per season to cover a wide range of consumer sub-segments and cater to the varied weather conditions of different regions in China. We are also experienced in choosing design themes for our apparel products that appeal to our targeted consumer groups in different regions of China. We and our third-party retailers typically carry multiple colors for popular designs of our products to provide consumers with a wide range of selection and a better shopping experience.

BUSINESS

Efficient supply chain model

We operate a supply chain model which seeks to minimise the production costs. Due to the seasonal nature of our products, we complete our production planning after our sales fairs during which our third-party retailers place their orders for products to be launched in nine months' time. After also taking into account anticipated demand of our self-operated retail points, we engage third-party manufacturers for the production of a majority of our products.

We outsource a large portion of our production to third-party manufacturers. We believe that our outsourced manufacturing arrangements enable us to focus on our core strengths in brand selection, design and sales management, to minimise the need to invest in the establishment of large-scale production facilities and to avoid the costs of maintaining a labour force during off-peak production periods. Due to our established relationship with a network of third-party manufacturers, we are able to identify and engage third-party manufacturers which are best suited for the particular production in terms of professional experience, cost-efficiency and delivery time.

We also have our own production facilities in Dezhou, Shandong Province to manufacture mainly trousers, one of our key products. We are able to formulate a manufacturing cost model from the operation of our own production facilities. This manufacturing cost model provides us with a benchmark to evaluate the prices offered by our third-party manufacturers and enables us to control our costs by engaging third-party manufacturers at market price or allocating production to our own production facilities if our production costs are lower than those of the third-party manufacturers. With our own production facilities and our established relationship with third-party manufacturers, we are able to ensure a consistent supply of products for our retail points and enjoy great flexibility in adjusting our production schedules to meet supplemental production orders from unforeseen demand.

Extensive sales network with strategic geographical coverage

Extensive coverage in the PRC

As at 31 December 2010, our extensive sales network comprised a total of 393 self-operated retail points, comprising concession counters, consignment stores and self-operated stores, and 493 retail points, including concession counters and self-operated stores, operated by our third-party retailers in 227 cities across 31 provinces, autonomous regions and municipalities in China. We have adopted a strategy of establishing a meaningful presence in major cities in the PRC, such as Beijing, Shanghai, Chengdu and Shenzhen, which we consider as our core markets, by opening our self-operated retail points. In other cities in the PRC, such as Hohhot, Urumqi and Zhengzhou, we generally engage third-party retailers to directly operate retail points. We believe that selling our products through a balanced network of retail points operated by ourselves and third-party retailers has allowed us to grow speedily and penetrate the vast PRC menswear market.

Strategic locations of our retail points

We have strategically established all of our self-operated retail points within major department stores, including Wangfujing (王府井), Bailian (百聯), Parkson (百盛), INZONE Plaza (銀座), Dayang (大洋), Golden Eagle (金鷹), Van's (萬千), Maoye (茂業), INTIME (銀泰) and New World (新世界), and shopping malls in major cities in the PRC. These well-known department store chains and shopping malls are primary retail channels for lifestyle products marketed to mid-to-high

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income bracket consumers in China and have well-established customer traffic. Through engagement of third-party retailers with local network and capability to secure prime retail locations, the retail points operated by our third-party retailers are also strategically located within major department store chains and shopping malls in the cities where the third-party retailers operate. Leveraging our recognised international brands and our established relationships with department store operators, we have more opportunities to secure spaces for our self-operated retail points at strategic locations of major cities in the PRC which help us to maximise exposure of our products to a higher volume of targeted consumers, thus contributing to enhanced sales and brand awareness.

Direct penetration and control of our markets

As at 31 December 2010, approximately 44% of retail points for our products consisted of our self-operated retail points. Direct operation allows us to obtain first-hand market intelligence and direct feedback from consumers on their satisfaction, tastes and preferences. Direct operations in major cities in the PRC also enable us to implement more effective control over our main markets.

We have direct legal and business relationships with our third-party retailers without intervening distributors. We believe this enables us to more effectively implement our controls at the retail points operated by our third-party retailers, such as policies on pricing, store display and customer service. Additionally, we believe operating without distributors has increased our gross margin on sales to third-party retailers.

Experienced management team

We have an experienced management team with extensive operational expertise and an in-depth understanding of the PRC menswear market. In particular, our key management personnel have, on average, more than ten years' experience in brand management in the PRC apparel market, which has allowed our management to anticipate market trends when formulating our branding and development strategies. In particular, our chief executive officer and executive director, Mr. Zhang Yongli, has over 10 years of experience in the PRC menswear industry, and the core members of our senior management team have worked together as a team for over 10 years in the PRC apparel industry. We believe that their extensive knowledge and experience have been crucial to the success of our business, including the implementation and execution of an efficient business model by coordinating among our designing, procurement, sales and logistics teams and establishing a sales network of 886 retail points across China as at 31 December 2010.

OUR STRATEGIES

We aim to maintain our growth in the PRC apparel market and enhance our overall competitiveness and market share. We intend to achieve our overall objectives by pursuing the following key strategic initiatives:

Continuing to expand our sales network and geographical coverage of retail points

With the anticipated continuing economic growth in the PRC and the increasing purchasing power of PRC consumers, we expect there will be an increase in demand for middle-to-high end men's smart casual wear, outdoor casual wear and leisure wear. We intend to further increase our market share in this market segment by expanding the geographical coverage of our retail points in major cities in the PRC as well as increasing our penetration into our existing markets. Leveraging on the

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established reputation of our brands and our strategic balance of retail points operated by ourselves and our third-party retailers, we intend to increase the number of self-operated retail points in major cities in the PRC to expand our coverage in core markets where we already operate and continue to engage additional third-party retailers in other cities in the PRC to strengthen our market presence in those non-core markets. During the Track Record Period, we mainly focused on the expansion of retail points operated by third-party retailers because of the low capital expenditure required from us and the associated low investment risks involved. We plan to increase our same-retail point sales growth by, for example, expanding our product offerings in our existing retail points and penetrate into cities in the PRC where we have not established our presence through engagement of third-party retailers in these new markets.

Further strengthening our brand licensing and development strategies

Having licences to use a number of recognised international brands and acquiring licences for additional brands are essential for us to maintain a competitive position, sustain growth in the PRC apparel market and effectively reduce our operational risk. Having the ability to readily launch a new brand means that we can be well prepared to launch products under a new brand when new market opportunities arise as well as to react should any of our brands comes to the end of its life cycle. To progressively increase our coverage of the PRC apparel market, in April 2009, we acquired the right to use the London Fog brand in the PRC for apparel products, and we are introducing a range of products, including the middle-to-high end women's smart casual wear line, under this brand to establish our presence in different consumer market segments. We have commenced the design for our womenswear products under the JEEP brand and are in the process of launching these products in the fall/winter collection of 2011. We intend to identify more segments within the PRC apparel market with growth potential and acquire or obtain the licence for additional recognised international brands. When identifying new market segments or selecting new brands in the PRC apparel market, we intend to take into account (i) whether such segments have growth potential, (ii) whether the brands are compatible with the identified market segments or can complement our existing brands and (iii) in the case of developing new domestic brands, whether such brands can supplement our recognised international brands to tap into other segments of the PRC apparel market.

Expanding and diversifying our product offerings

We intend to expand our product offerings in order to progressively increase our coverage of the PRC apparel market. We are developing a comprehensive range of menswear, womenswear and accessories under our brands, such as womenswear under the JEEP brand that complements our JEEP menswear line and a jeans line under the SBPRC brand, to complete our product range and diversify our product offerings according to each brand's image and market position. Our experienced and integrated in-house design team provides us with a competitive capability to efficiently develop and launch new product lines and to expand our range of styles in each targeted consumer segment. We also plan to enhance our product design capabilities by recruiting experienced designers who can bring us fresh ideas, offering comprehensive training and increasing our expenditure on product design.

Enhancing our logistics and information system

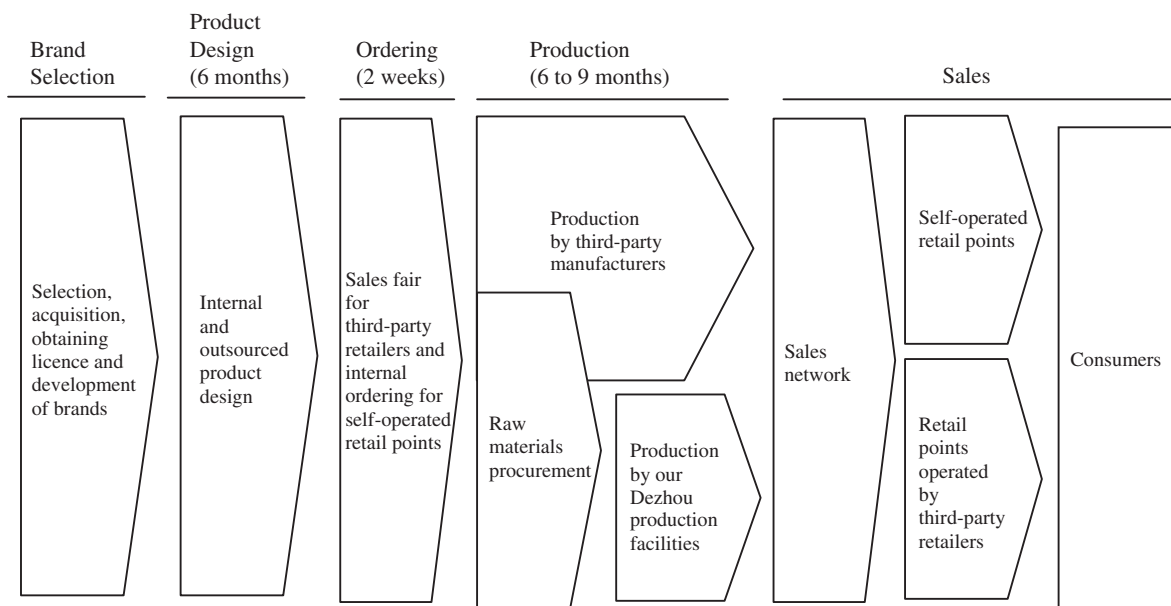
The ability to quickly distribute products to our retail points and accurately monitor the level and location of our inventory are crucial to our business. Our logistics and management information systems have enabled us to effectively administer and operate our logistics centre. All of our

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self-operated retail points are linked with the POS component of our ERP system, which allows us to capture extensive sales and inventory data. We have enhanced the exchange of information with some of our suppliers by promoting direct linkage of our ERP system with them. In order to monitor the progress and status of product turnover, we plan to integrate the POS component of our ERP system with those of our third-party retailers. We believe that the logistics and management information system will enable our management to receive information with respect to movements of our products at all of our self-operated retail points and at our warehouses, thereby allowing us to more efficiently plan for our production. Our improved management information system should allow us to streamline our production process, reduce logistics bottlenecks and improve the overall efficiency of our Group.

BUSINESS MODEL

We design, manufacture, market and sell apparel with a focus on menswear under several recognised international brands targeted at consumers in the mid-to-high income bracket. The following diagram illustrates our business model:



BRANDS

We strategically select recognised international brands with an established reputation that, we believe, appeal to consumers in the mid-to-high income bracket in the PRC. We offer a wide range of men's smart casual wear, outdoor casual wear and leisure wear under the JEEP, SBPRC, Sideout and Hallmark brands under licence, and we have acquired the ownership of the London Fog brand

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for apparel products within China⁽¹⁾. We also offer menswear under our self-developed brand Doright. Each of these brands has its own consumer sub-segment target within the middle-to-high end men's smart casual wear, outdoor casual wear and leisure wear market. During the Track Record Period, the largest and second-largest portions of our revenue were derived from sales of products under the JEEP and SBPRC brands, respectively, with combined sales of products under these two brands accounted for approximately 92.8%, 95.0% and 93.1% of our total revenue for the years ended 31 December 2008, 2009 and 2010, respectively.

We have entered into a licence agreement for each of the JEEP, SBPRC, Sideout and Hallmark brands in connection with our sale of products under those brands in China. All relevant intellectual property rights under the relevant licence agreement have been licensed to our Group pursuant to and subject to the terms therein. We are obliged under each of the licence agreements, except for the SBPRC brand, to pay royalty fees ranging from every three to twelve months representing a percentage of our sales of the products under the respective licensed brands, subject to a minimum annual royalty fee set out in the respective agreements. The relevant licence agreements do not provide for any change in the relevant percentages used for determining the royalty fees during the duration of the relevant licences. We are required under the licence agreement for the SBPRC brand to pay a fixed amount of royalty fee per annum for the sales of SBPRC products since January 2010 and the licence agreement does not provide for any change in such fixed amount of royalty fee during the duration of the licence of the SBPRC brand.

Each party to the respective licence agreement for the JEEP, SBPRC, Sideout and Hallmark brands may terminate the relevant licence agreement upon a material breach of the terms of the agreement by the other party to the agreement. During the Track Record Period, none of these licence agreements was terminated before their respective expiry and we were able to renew those licence agreements, in particular for the JEEP and SBPRC brands, upon their expiry. Under the respective licence agreements for the JEEP and SBPRC brands, the duration of the licence agreement is subject to an option to renew for a further term, the length and terms of which are subject to further negotiations between the parties to the agreement. To the best knowledge and belief of the Directors, we have complied in all material respects with the terms of the respective licence agreements for the JEEP, SBPRC, Sideout and Hallmark brands as modified by the parties' established course of dealings, though we cannot exclude the possibility that a counterparty could challenge our compliance. Please refer to the section headed "Risk Factor — Risks Relating to Our Business — Our rights under our licence agreements are subject to various restrictions and limitations" in this prospectus for further details.

Note (1):

Under the Trademark Assignment Agreement, the following marks were not transferred to us:

- (i) "London fog" under class 25 (for clothing, footwear and headgear) and class 35 (for advertising, business management, business administration and office functions) and the "LONDON FOG & DEVICE" under class 35 registered in the PRC; and
- (ii) "LONDON FOG & DEVICE" under class 18 (for leather and imitations of leather and goods made of these materials and not included in other classes, animal skins, hides, trunks and travelling bags, umbrellas, parasols and walking sticks, whips, harness and saddlery) and class 35 registered in Taiwan.

The above trademarks were previously assigned by Iconix to other parties who are Independent Third Parties and hence these trademarks were not available to be assigned to us. We have never used and do not require any of the above trademarks for our products, and we have registered or made applications for registration of other London Fog marks under the classes relevant to our products, including the classes mentioned above, as disclosed in the section headed "Appendix VI - Intellectual property rights of our Group" in this prospectus.

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JEEP JEEP

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| <p>Brand description</p> | <ul style="list-style-type: none"> • JEEP is an automobile marque of Chrysler Group LLC created in the United States and is a well-known off-road vehicle brand worldwide. • The JEEP brand has an image of “freedom” and “capability” and symbolises the automotive culture of America and an adventurous outdoor lifestyle. • The JEEP brand offers a range of high-quality functional menswear for leisure and outdoor activities, targeting consumers between the ages of 25 and 45 within the mid-to-high income bracket. |
| <p>Retail network as at 31 December 2010</p> | <ul style="list-style-type: none"> • 141 self-operated retail points and 293 retail points operated by third-party retailers |
| <p>Licence details</p> | <ul style="list-style-type: none"> • Licence rights: to design, manufacture and sell JEEP branded men’s casual apparel (exclusive right) and accessories (non-exclusive right) • Region covered: PRC • Current Term: from 1 February 2009 to 31 December 2015. We have an option to negotiate a renewal term subject to our full compliance with the terms of the licence agreement and taking into account the trading performance achieved by us. • We are required to submit samples of our new products together with the associated labels and packaging under the JEEP brand to the licensor for its prior written approval before sale of new JEEP products. • We are required to submit an annual written marketing plan and other promotional materials in relation to our JEEP products for the licensor’s review and approval. • JEEP shall be the only brand of automotive apparel marketed and distributed by us to our targeted channels of distribution. |

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| History with our Group | <ul style="list-style-type: none"> We obtained the licence to use the JEEP brand in the PRC in February 2002 and renewed the term of the licence agreement in 2006 and 2010. |
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SBPRC 

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| Brand description | <ul style="list-style-type: none"> The Santa Barbara Polo and Racquet Club is a prestigious polo and recreational club and the oldest polo facility in the United States. The SBPRC brand is associated with the spirit behind the sport of polo and the affluent Californian leisure lifestyle. The SBPRC brand offers a range of classic and smart casual menswear for leisure activities, targeting consumers between the ages of 25 and 45 in the mid-to-high income bracket. |
| Retail network as at 31 December 2010 | <ul style="list-style-type: none"> 139 self-operated retail points and 154 retail points operated by third-party retailers |
| Licence details | <ul style="list-style-type: none"> Licence rights: to design, manufacture and sell SBPRC branded men's casual apparel (exclusive right) and accessories (non-exclusive right) Region covered: PRC Current Term: from 1 March 2010 to 28 February 2015. We have an option to negotiate a renewal term subject to our full compliance with the terms of the licence agreement. We are required to submit samples of our new products under the SBPRC brand to the licensor before launch of such products. |

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| | <ul style="list-style-type: none"> We are required to obtain the licensor's prior approval for any advertisement to be made on television or in newspapers or other media for our SBPRC products. We shall not use the SBPRC mark together with other marks on the same product. |
| History with our Group | <ul style="list-style-type: none"> We obtained the licence to use the SBPRC brand in the PRC in 2000 and renewed the term of the licence agreement in 2004 and 2010. |



London Fog LONDON FOG®

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| Brand description | <ul style="list-style-type: none"> London Fog is a waterproof trench coat brand created in the United States in 1927 which is renowned for classic metropolitan design. We launched the London Fog brand in China in September 2009 with a series of distinctive and stylish menswear and womenswear for business and leisure occasions, targeting consumers between the ages of 25 and 45 with mid-to-high income. |
| Retail network as at 31 December 2010 | <ul style="list-style-type: none"> 36 self-operated retail points and 46 retail points operated by third-party retailers |
| Our rights over the brand | <ul style="list-style-type: none"> Pursuant to the Trademark Assignment Agreement, Iconix assigned to us the ownership of the trademarks used for the London Fog branded products which are registered in the PRC, Hong Kong, Macau and Taiwan. |

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| | <ul style="list-style-type: none"> • Under the London Fog Shareholders' Agreement and the Trademark Assignment Agreement, we had an obligation to re-assign the ownership of such trademarks to ICL London Fog for US\$1 upon the occurrence of, among other things, any of the following events at any time prior to the date on which ICL London Fog ceases to own any shares in London Fog (China): <ul style="list-style-type: none"> • London Fog (China) or London Fog Shanghai enters into or becomes subject to any proceeding for liquidation, winding-up, bankruptcy or dissolution; • London Fog Shanghai fails to achieve a target earning of RMB30 million within any financial year during the first five years of its operation; • a change in control of CEC Outfitters without the consent of ICL London Fog; • sale or transfer of any portion of London Fog (China)'s or Shanghai Doright's equity interest in London Fog Shanghai without prior written consent of ICL London Fog; or • London Fog (China) ceases to own at least 60.0% of the equity interest in London Fog Shanghai or at least a majority number of the board seats of London Fog Shanghai. • The above obligation has lapsed upon the termination of the London Fog Shareholders' Agreement as a result of the completion of the exercise of the IPO Put Option by ICL London Fog on 23 May 2011. |
| <p>History with our Group</p> | <ul style="list-style-type: none"> • We have been assigned the right to use the London Fog brand for apparel products within China since April 2009. |



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| <p>Brand description</p> | <ul style="list-style-type: none"> • Sideout is a sportswear brand created in 1983 by a varsity beach volleyball player from the University of California at Berkley. • The Sideout brand is an embodiment of the West Coast American lifestyle and the active culture associated with the sport of beach volleyball. • The Sideout brand offers a range of modern and casual apparel for sports and leisure activities, targeting consumers between the ages of 18 and 35. |
| <p>Retail network as at 31 December 2010</p> | <ul style="list-style-type: none"> • 34 self-operated retail points |
| <p>Licence details</p> | <ul style="list-style-type: none"> • Licence rights: to manufacture, promote, distribute and sell a range of sportswear, active wear, body wear and accessories under the Sideout brand on an exclusive basis • Region covered: PRC • Current Term: from 1 January 2003 to 31 May 2013 • We are required to submit samples of our new products together with the associated labels and packaging under the Sideout brand to the licensor for its approval before production and sale of such products. • We shall not sell products similar in style to any Sideout styles under any marks other than the Sideout mark. |
| <p>History with our Group</p> | <ul style="list-style-type: none"> • We obtained the licence to use the Sideout brand in the PRC in January 2003. |



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Hallmark 

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| Brand description | <ul style="list-style-type: none"> • Hallmark is an international greeting card brand created in the United States in 1910. • The Hallmark brand is an embodiment of elegant design, care and harmony. • The Hallmark brand offers a range of high-end smart casual menswear for business and leisure occasions, targeting consumers between the ages of 25 and 45 with mid-to-high income. |
| Retail network as at 31 December 2010 | <ul style="list-style-type: none"> • Nine self-operated retail points |
| Licence details | <ul style="list-style-type: none"> • Licence rights: to manufacture, promote, distribute and sell a range of men's and women's apparel, accessories and children's wear under the Hallmark brand on a non-exclusive basis • Region covered: PRC • Current Term: from 1 May 2007 to 30 April 2012 • We are required to submit design artwork and samples of our new products under the Hallmark brand and the associated package design for the licensor's written approval before manufacture and sale of such products. • We are required to submit all proposed advertising and promotional materials and an annual marketing plan in relation to our Hallmark products for the licensor's written approval. |
| History with our Group | <ul style="list-style-type: none"> • We acquired the licence to use the Hallmark brand in the PRC in May 2007. |



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Doright DORIGHT

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| Brand description | <ul style="list-style-type: none"> The Doright brand aims to present an image of individuality, youth and intelligence. Our range of innovative smart casual menswear under the Doright brand targets consumers between the ages of 18 and 35 who are new entrants to the workforce. |
| Retail network as at 31 December 2010 | <ul style="list-style-type: none"> 31 self-operated retail points |
| Our rights over the brand | <ul style="list-style-type: none"> We are the owner of all rights to the Doright trademarks which have been registered by us in the PRC relating to manufacturing, promoting, selling and distributing apparel products and fashion accessories. |
| History | <ul style="list-style-type: none"> We launched our self-developed Doright brand in the PRC in 2006. |



Koyo Jeans

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| Brand description | <ul style="list-style-type: none"> Koyo Jeans is a premium denim brand owned by Hong Kong designer William Cheung. |
| Retail network as at 31 December 2010 | <ul style="list-style-type: none"> Three self-operated retail points |
| Our rights over the brand | <ul style="list-style-type: none"> We entered into a retailer agreement with 廣州高龍貿易有限公司 (Guangzhou Gaolong Trading Co., Ltd.*) on 1 November 2008 under which we were granted the right as an authorised retailer to operate retail points and sell apparel products under the Koyo Jeans brand in China. Current Term: from 1 November 2010 to 31 October 2011 |

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| History with our Group | <ul style="list-style-type: none"> We obtained the right as an authorised retailer to sell Koyo Jeans apparel products in China in November 2008 and renewed the term of the retailer agreement in 2010. |
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PRODUCTS

We offer middle-to-high end men's smart casual wear, outdoor casual wear, leisure wear and accessories that focus on quality and comfort. For each of our brands, we introduce to consumers a spring/summer and a fall/winter apparel collection each year. Each of our branded product lines features a variety of seasonal apparel items designed to appeal to the brand's targeted consumer groups. We also offer middle-to-high end women's smart casual wear under the London Fog brand. Product offerings vary from brand to brand, and our collections include:

- **Smart casual wear:** shirts, polo-shirts, sweaters, trousers, blazers, trench coats, overcoats;
- **Leisure wear:** t-shirts, tank tops, pants, shorts, windbreakers, leather jackets; and
- **Accessories:** headgear, belts, ties, socks, footwear.⁽¹⁾

Note:

- (1) Footwear products under the JEEP brand are sold on a consignment basis under which we charge the consignor a consignment fee calculated based on a percentage of the retail price upon sale. Other accessories under the JEEP and SBPRC brands are sourced from third-party manufacturers with licenses to manufacture these products and sold on our own account.

Set out below is the retail price range of our major products under the various brands they are sold:

| | Retail Price Range (RMB) as at 31 December 2010 | | | | | | |
|--------------------|---|----------|------------|---------|---------|-----------|------------|
| | JEEP | SBPRC | London Fog | Sideout | Doright | Hallmark | Koyo Jeans |
| T-shirts | 399-1400 | 399-1800 | 469-2200 | 269-599 | 269-499 | 899-2200 | 298-598 |
| Shirts | 699-1200 | 499-899 | 599-1400 | 369-469 | 299-399 | 799-1200 | 428-598 |
| Jackets | 969-2800 | 969-2800 | 1200-4200 | 699-899 | 699-969 | 1200-3200 | 698-2488 |
| Trousers | 799-1200 | 499-899 | 599-1600 | 369-499 | 299-499 | 899-969 | 498-698 |

PRODUCT DESIGN

We believe that product design has been one of the keys to our growth and success. We differentiate our products from those of our competitors by designing men's smart casual wear, outdoor casual wear and leisure wear with image, style and cutting that are tailored for the taste of Mainland

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Chinese consumers and consistent with the unique image and philosophy of each brand. Our in-house product design team designs our products for most of our brands, while we outsource the design of products under the SBPRC brand to third-party designers. Our in-house design team is led by our chief designer, who graduated from the fashion institutes of Ecole Bellecour Supdemod (Haute Couture) Lyon and Académie Internationale de Coupe de Paris in France, and the majority of our designers have an average of more than three years of working experience in the related field. As at the Latest Practicable Date, our in-house product design team comprised 26 members.

Due to the seasonality of our products, the in-house design process commences approximately one year before our products are introduced to consumers. Our design team conceptualises each season's collection on the basis of current trends in menswear fashion. The team derives inspiration for the upcoming season's product collections from a variety of channels, including visits to local and international fashion shows and exhibitions. The team also strives to cater to the varying tastes and preferences of consumers in different regions within China and pays great attention to the relevant brand image in the process of designing our products. We believe that the fashion trend of the PRC men's casual wear market does not typically involve frequent and substantial changes, especially when compared with the womenswear market. As such, although we regularly review and alter the designs of our products, the designs of our products do not change drastically from year to year. As we operate as an integrated group, we have not established any measures to maintain confidentiality among the product design of each of our brands and we do not believe it is necessary to do so.

In developing a collection, our product design team identifies motifs, colours, fabrics, garment types, logos, ornaments and other components that we believe correspond to the upcoming trends. Our design team is also experienced in choosing colour themes for our apparel products that appeal to our targeted consumer groups. Our product designers normally prepare a variety of product designs to cover a wide-range of consumer sub-segments and cater to the weather conditions of different regions within China. Through multiple evaluations involving our design, production and sales teams, the design blueprints are short-listed and product prototypes are produced. The short-listed product prototypes are then presented to our internal ordering department for ordering and are displayed at our sales fairs where our third-party retailers place their orders for products. During the Track Record Period, we did not work on an OEM basis for the respective licensors of the JEEP, SBPRC, Sideout or Hallmark brands, and none of these licensors played a major role in our product design process.

Save as disclosed in the section headed "Business — Brands" of this prospectus, our products are not subject to any design specifications provided by the licensor of each of our licensed brands. During the Track Record Period, we did not receive any challenge for design infringement in respect of our Doright brand.

ORDERING PROCESS

Sales Fairs and Ordering

We launch a new collection of menswear semi-annually which is introduced to our third-party retailers at our sales fair for each of our brands. Our third-party retailers place most of their orders

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for new products at the sales fairs, and we use these orders, along with our internal sales forecasts for our self-operated retail points, to determine production schedules. From 2010, we have rescheduled our sales fair for the fall/winter collections and spring/summer collections from March and August to December/January and June/July of each year, respectively. With a longer production planning period between receipt of orders and delivery of products to the retail points, we are able to (i) minimise our production costs by outsourcing production to third-party manufacturers during their off-peak production periods when they generally offer reduced prices and (ii) allocate sufficient time to each stage of our production schedule to ensure that deliveries of our products to the retail points are on time.

After each sales fair, our third-party retailers can place supplemental orders for popular products due to unforeseen demand. We consolidate all supplemental orders, arrange for the required production and work towards fulfilling the orders within the shortest practicable time to deliver the supplemental orders in a timely manner. Some of the supplemental orders from third-party retailers are fulfilled through reallocation of existing stock from our self-operated retail points if we find this more desirable. To discourage our third-party retailers from maintaining a minimal inventory level by placing multiple supplemental orders of small quantities throughout the year, supplemental orders placed by our third-party retailers command a higher price than that applicable to orders placed at the sales fairs.

By adopting this two-tier ordering system, we are able to manage our supply chain efficiently and minimise the production of surplus or unpopular products while responding to unforeseen demand in a timely manner.

Payment Terms and Credit Control

We generally do not grant credit to our third-party retailers. With the few exceptions specifically approved by our management team, we normally require full payment of all orders before delivery of our products. Under our retail agreements with our third-party retailers, we require our third-party retailers to place a deposit for their orders representing 10% of the standardised retail price at the sales fairs within 15 to 30 days of the sales fair, and settle the outstanding balance within 10 days after we notify our third-party retailers that the ordered products are available for delivery.

RAW MATERIALS PROCUREMENT

The materials required for manufacturing of our products are primarily cotton, natural fibre and chemical fibre. Substantially all of our raw materials are sourced from suppliers located in the PRC and our purchases are mainly made in Renminbi.

We generally procure raw materials after having confirmed the internal orders for our self-operated retail points and the purchase orders placed by our third-party retailers following each sales fair. We may supply our third-party manufacturers with raw materials or recommend our third-party manufacturers to procure their own raw materials from our preferred suppliers. All of the raw materials are supplied by suppliers that have satisfied our standards of quality and are identified in our approved supplier list, and we primarily focus on quality, lead time and price when we select our suppliers. We also take into account their business scale, production capacity and commercial reputation. We work closely with our product design team and our production management to

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determine the type, quantity and timing of the required materials. We generally do not enter into long-term raw material supply agreements, and our raw materials purchase arrangements, including pricing, are effected by way of purchase orders based on our on-going requirements. The purchase orders generally include the following principal terms:

- *Quality standard:* We require our raw material suppliers to supply raw materials that are able to meet all of the criteria under the relevant national standards of the PRC to be classified as “first class products”.
- *Payment:* We generally pay a 30% deposit for our purchase orders upon placing a purchase order, with the remaining 70% of the purchase price payable within 35 days of delivery, respectively.
- *Freight:* We require our raw material suppliers to be responsible for all the freight charges.
- *Return policy:* We are entitled to return any raw materials supplied to us that do not meet the quality standards or specifications under the purchase order.

SUPPLIERS

Our suppliers include suppliers of raw materials as well as third-party manufacturers to whom we outsource the production of our products. We are granted credit periods of an average of 35 days by our suppliers.

For the financial years ended 31 December 2008, 2009 and 2010, purchases from our single largest supplier accounted for approximately 14.8%, 10.5% and 10.2%, respectively, of our total cost of inventories sold. For the same periods, purchases from our five largest suppliers accounted for approximately 41.4%, 32.2% and 36.0%, respectively, of our total cost of inventories sold. The five largest suppliers throughout the Track Record Period comprised of third-party manufacturers only and most of them are reputable and experienced apparel manufacturers located in the Southern and Eastern regions of China.

None of our Directors, our chief executive or any person who, to the knowledge of our Directors, owns more than 5% of our issued share capital or of any of our subsidiaries, or any of their respective associates, had any interest in any of our top five suppliers during the Track Record Period.

SUPPLY CHAIN MANAGEMENT

Overview

We operate a supply chain model which seeks to minimise production costs by outsourcing a large portion of our production to third-party manufacturers. We believe that our outsourcing arrangement, which typically involves outsourcing the entire production process, enables us to focus on our core strengths in brand selection, design and sales, to minimise the need to invest in the establishment of large-scale production facilities and to minimise the costs of maintaining a labour force during off-peak production periods.

By drawing upon our established relationships with a network of third-party manufacturers, we are able to identify and engage third-party manufacturers which, we believe are well suited for the particular production in terms of experience, cost-efficiency and delivery time.

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We also have our own production facilities in Dezhou, Shandong Province to manufacture mainly trousers, one of our key products. We are able to formulate a manufacturing cost model from the operation of our own production facilities. This manufacturing cost model provides us with a benchmark to evaluate the prices offered by our third-party manufacturers and enables us to control our costs by engaging third-party manufacturers at market price or allocating production to our own production facilities if our production costs are lower than those of the third-party manufacturers.

With our own production facilities and established relationships with our third-party manufacturers, we are better able to ensure a consistent supply of products for our retail points and enjoy great flexibility in adjusting our production and purchase schedules to meet supplementary production orders from unforeseen demands.

Production Outsourcing

As at 31 December 2008, 2009 and 2010, we engaged 73, 77 and 82 third-party manufacturers, respectively. Our third-party manufacturers are Independent Third Parties and have the relevant experience in the apparel manufacturing industry. Most of these third-party manufacturers are located in the Southern and Eastern regions of China. We typically enter into short-term agreements with our third-party manufacturers. We may supply our third-party manufacturers with raw materials or recommend our third-party manufacturers to procure their own raw materials from our preferred suppliers. In the latter case, we would generally recommend that our third-party manufacturers procure raw materials from a group of designated raw materials suppliers. We do not prohibit our third-party manufacturers from manufacturing products for other apparel brands. The agreements with our third-party manufacturers generally include the following principal terms:

- *Duration:* Usually six months.
- *Production standard:* The third-party manufacturers are required to manufacture the products in accordance with the relevant production samples and the specifications under the manufacturing agreement.
- *Quality standard:* We require the products manufactured by our third-party manufacturers to meet all of the criteria under the relevant national standards of the PRC to be classified as “first class products”.
- *Pricing:* Prices of the products to be manufactured by our third-party manufacturers are determined based on the type of product, the manufacturing process involved and the quantity of the products ordered.
- *Payment:* We are generally given a 35-day payment term after delivery of the products to us.
- *Freight:* We require our third-party manufacturers to be responsible for all the freight charges.
- *Return policy:* We are entitled to return any products supplied to us that do not meet the quality standards or specifications under the manufacturing agreement.
- *Intellectual property:* The third-party manufacturers are prohibited from reproducing or selling any products or infringing the design of any products being manufactured under the manufacturing agreement.

Our third-party manufacturers are carefully selected by us based on criteria such as their production capacity, product quality, quality control, price, past performance, timing of delivery and reputation. Additionally, we prefer manufacturers with quality control certifications, such as ISO 9001-2000. Our third-party manufacturers are responsible for employing and managing workers at their factories and ensuring that the plants’ operations comply with local laws and regulations,

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including environmental and labour-related matters as well as pension and other benefits. In selecting our third-party manufacturers, we inspect their production facilities and assess their production samples, defect rate, promptness and compliance with relevant laws. We seek to use this evaluation process to ensure that third-party manufacturers selected by us have high quality standards in their management and production. During the Track Record Period, we did not enter into any long-term contracts with our suppliers. For the financial years ended 31 December 2008, 2009 and 2010, the amount of fees paid by us to our third-party manufacturers represented approximately 83.7%, 79.4% and 84.4%, respectively, of our total costs of production.

Our Production

Manufacturing Process and our Production Facilities

We have two factories in Dezhou, Shandong Province with an aggregate gross factory floor area of approximately 34,543.9 sq.m., which mainly manufacture trousers, one of our key products, for all of our licensed or owned brands. The sales of trousers manufactured by us for the financial years ended 31 December 2008, 2009 and 2010 were approximately RMB70.08 million, RMB109.62 million and RMB102.49 million, representing 13.9%, 16.9% and 11.3% of our total sales, respectively. Almost all of our production equipment is purchased from well-known and established equipment manufacturers, and we have recently purchased additional equipment as part of our plan to enhance the productivity of our Dezhou production facilities. Due to the relatively small scale of our production, the production lines at our production facilities have not obtained any quality control certification. As at 31 December 2008, 2009 and 2010, our two factories had an annual production capacity of approximately 375,000, 468,000 and 624,000 pieces of apparel, respectively, and the average utilisation rate reached approximately 75.4%, 83.1% and 70.0% for the years ended 31 December 2008, 2009 and 2010, respectively. Such utilisation rate is calculated by taking our actual production volume for a particular year and dividing it by the maximum annual production capacity during that particular year. The cost of our internal production, which consists of direct labour cost and manufacturing overheads, amounted to approximately 4.8%, 1.4% and 2.5% of our total cost of sale for the financial years ended 31 December 2008, 2009 and 2010, respectively. As at the Latest Practicable Date, our production facilities were staffed with a total of approximately 357 staff.

QUALITY CONTROL

Overview

We believe that offering high-quality products is critical to maintaining our reputation and brand images. We have implemented quality control procedures to ensure that the quality of our products meets the expectations of our consumers. We have established quality control systems and quality standards in line with national standards and those required by law. We conduct inspections on a sampling basis, and we require our raw materials and products to be in compliance with quality control standards promulgated by the relevant government authorities of the PRC.

Raw Materials

Our raw materials supplier selection process based on our standards of quality is our first step to ensure the quality of our products. Our quality control personnel inspect the incoming raw materials for appearance, measurement and function in accordance with our own internal standards as well as national and industry standards. We also submit our raw materials for certification by quality

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control inspection institutions. In situations where we directly purchase raw materials for production by our third-party manufacturers, inspections of the purchased raw materials are conducted by the third-party manufacturers upon delivery. Any raw materials that do not pass the certification process or meet our quality requirements are returned to the relevant raw materials suppliers for replacement or refund.

Design Prototypes

Prior to large-scale production of a new product, we produce product prototypes at different stages of the production process for identifying and rectifying potential design defects, functional deficiencies, durability and suitability of materials.

Production

In respect of products manufactured at our production facilities, our on-site quality control personnel conduct inspections during our manufacturing process to ensure that the quality of our products is satisfactory. We also despatch quality controllers to all of our third-party manufacturers to carry out inspections at important stages of the production process in order to verify compliance with our product standards and specifications.

Finished Products

The quality of each batch of finished products manufactured by us and our third-party manufacturers is tested on a sampling basis for both quality and functionality to ensure that our finished products meet national and industry standards as well as our own standards. Any products identified which do not meet our quality standards are returned to the relevant third-party manufacturers.

SALES

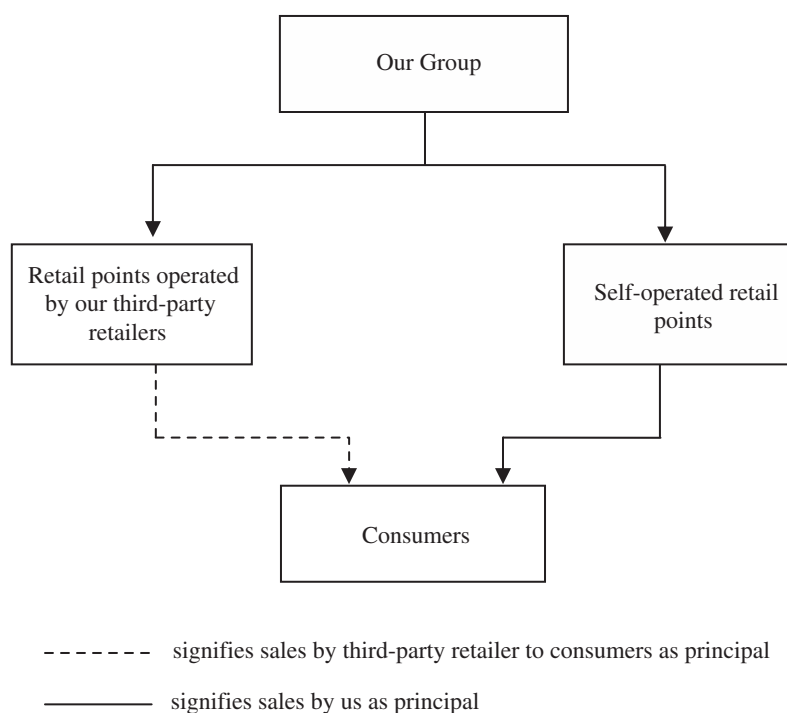
Overview

We have strategically established a multi-faceted sales and retail model with self-operated retail points and retail points operated by our third-party retailers. We sell our products directly to consumers through a network of self-operated retail points within major department stores and shopping malls in major cities in the PRC, such as Beijing, Shanghai, Chengdu and Shenzhen. Sales to consumers by our self-operated retail points are recorded as our revenue. We also sell our products to third-party retailers which operate an extensive network of retail points in other cities in the PRC, such as Hohhot, Urumqi and Zhengzhou. As at 31 December 2010, our sales network comprised 393 self-operated retail points (including 28 consignment stores) and 493 retail points operated by our third-party retailers in 227 cities across 31 provinces, autonomous regions and municipalities in the PRC. Sales to the third-party retailers are recorded as our revenue. The third-party retailers, in turn, sell the products to consumers as principal. As at 31 December 2010, our self-operated retail points comprised a total of five specialty stores located within shopping malls, 360 concession counters located within department stores or shopping malls in major cities which exclusively sold our products and 28 consignment stores located in airports and department stores. As part of our business model and strategy, we generally establish our self-operated retail points at major cities in the PRC. For developing or non-core cities which have the prospect of supporting the expansion of our sales network, we generally engage third-party retailers which operate retail points directly. In order to avoid competition and cannibalisation between our

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self-operated retail points and retail points operated by our third-party retailers, other than consignment stores located at airports in six cities as at 31 December 2010, all of our self-operated retail points are located in different cities from retail points operated by our third-party retailers selling products under the same brand. We also sell a small proportion of our out-of-season products directly to consumers through our self-operated discount outlets. We believe this model has allowed us to grow efficiently and to quickly increase our market penetration within the PRC.

The following chart illustrates our current major sales and retail model:



Our Sales Network

We believe that our extensive and well-managed sales network has assisted us in building a unified image for each of our brands and allowed us to increase our market penetration. During the Track Record Period, our self-operated retail points were mainly located in the cities or provinces of Beijing, Shanghai, Sichuan, Shandong and Guangdong and retail points operated by our third-party retailers were mainly located in the cities or provinces of Henan, Hebei, Jiangsu, Liaoning and Inner Mongolia. The following tables set out the number of our self-operated retail points and retail points operated by our third-party retailers in the aforementioned cities during the Track Record Period:

Number of Self-operated Retail Points

| | Locations | | | | |
|-------------------|-----------|----------|---------|----------|-----------|
| | Beijing | Shanghai | Sichuan | Shandong | Guangdong |
| As at 31 December | | | | | |
| 2008 | 71 | 48 | 36 | 40 | 28 |
| 2009 | 77 | 40 | 39 | 38 | 26 |
| 2010 | 84 | 53 | 52 | 43 | 33 |

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Number of Retail Points Operated by Third-Party Retailers

| | Locations | | | | |
|-------------------|-----------|-------|---------|----------|----------------|
| | Henan | Hebei | Jiangsu | Liaoning | Inner Mongolia |
| As at 31 December | | | | | |
| 2008 | 23 | 24 | 19 | 10 | 23 |
| 2009 | 34 | 36 | 21 | 18 | 29 |
| 2010 | 54 | 53 | 25 | 27 | 40 |

The following map illustrates the geographical distribution of our retail points in the PRC as at 31 December 2010:



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The following table sets out the number of our self-operated retail points and retail points operated by our third-party retailers in the PRC as at 31 December 2008, 2009 and 2010:

| | As at 31 December | | |
|--|-------------------|------------|------------|
| | 2008 | 2009 | 2010 |
| Self-operated retail points ⁽¹⁾ | 346 | 325 | 393 |
| Retail points operated by third-party retailers ⁽²⁾ | <u>287</u> | <u>338</u> | <u>493</u> |
| Total | 633 | 663 | 886 |

Note:

- (1) The number of self-operated retail points includes 16, 21 and 28 consignment stores as at 31 December 2008, 2009 and 2010, respectively.
- (2) 125, 150 and 197 third-party retailers operated 287, 338 and 493 retail points in the PRC as at 31 December 2008, 2009 and 2010, respectively. Among such third-party retailers, no single retailer operated more than 5% of the total number of retail points operated by all of our third-party retailers as at each of these dates.

The following table sets out the number of our self-operated retail points and retail points operated by our third-party retailers in the PRC by region as at 31 December 2008, 2009 and 2010:

| Location | As at 31 December | | | | | | | | |
|--|-----------------------------|---|---------------------|-----------------------------|---|---------------------|-----------------------------|---|---------------------|
| | 2008 | | | 2009 | | | 2010 | | |
| | Self-operated retail points | Retail points operated by third-party retailers | Total retail points | Self-operated retail points | Retail points operated by third-party retailers | Total retail points | Self-operated retail points | Retail points operated by third-party retailers | Total retail points |
| East China ⁽¹⁾ | 108 | 91 | 199 | 98 | 94 | 192 | 124 | 131 | 255 |
| South China ⁽²⁾ | 78 | 29 | 107 | 76 | 44 | 120 | 84 | 75 | 159 |
| Southwest China ⁽³⁾ | 42 | 54 | 96 | 46 | 53 | 99 | 57 | 71 | 128 |
| Northeast China ⁽⁴⁾ | 3 | 27 | 30 | 1 | 40 | 41 | 3 | 61 | 64 |
| North China ⁽⁵⁾ | 112 | 67 | 179 | 100 | 84 | 184 | 121 | 121 | 242 |
| Northwest China ⁽⁶⁾ | <u>3</u> | <u>19</u> | <u>22</u> | <u>4</u> | <u>23</u> | <u>27</u> | <u>4</u> | <u>34</u> | <u>38</u> |
| Total | 346 | 287 | 633 | 325 | 338 | 663 | 393 | 493 | 886 |

Notes:

- (1) East China includes Shanghai, Jiangsu, Zhejiang, Anhui, Shandong, Jiangxi and Fujian.
- (2) South China includes Hubei, Hunan, Henan, Guangxi, Guangdong and Hainan.
- (3) Southwest China includes Sichuan, Guizhou, Tibet, Yunnan and Chongqing.
- (4) Northeast China includes Heilongjiang, Liaoning and Jilin.
- (5) North China includes Beijing, Tianjin, Hebei, Shanxi and Inner Mongolia.
- (6) Northwest China includes Shaanxi, Ningxia, Gansu, Qinghai and Xinjiang.

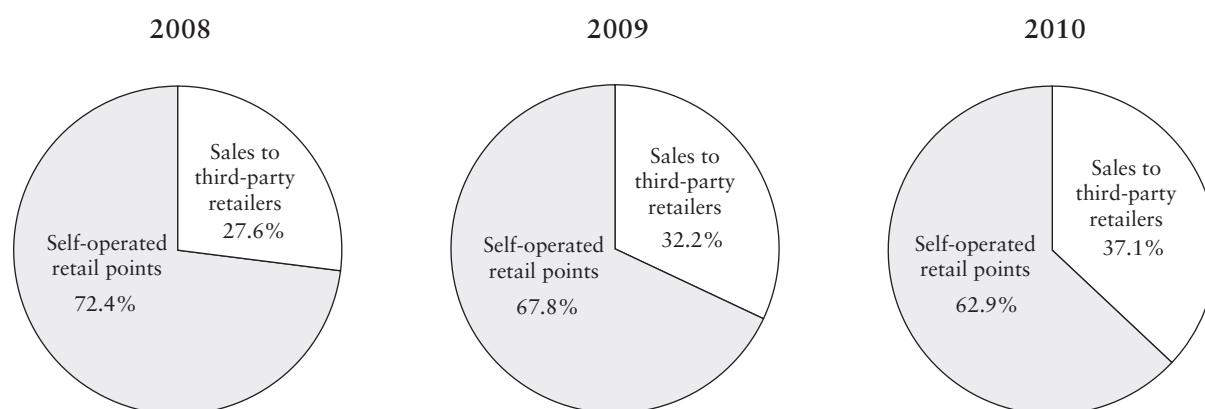
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The following table sets out the number of our self-operated retail points and retail points operated by our third-party retailers in the PRC by brand as at 31 December 2008, 2009 and 2010:

| Brand | As at 31 December | | | | | | | | |
|--------------|-----------------------------|---|---------------------|-----------------------------|---|---------------------|-----------------------------|---|---------------------|
| | 2008 | | | 2009 | | | 2010 | | |
| | Self-operated retail points | Retail points operated by third-party retailers | Total retail points | Self-operated retail points | Retail points operated by third-party retailers | Total retail points | Self-operated retail points | Retail points operated by third-party retailers | Total retail points |
| JEEP | 102 | 130 | 232 | 112 | 183 | 295 | 141 | 293 | 434 |
| SBPRC | 133 | 153 | 286 | 129 | 139 | 268 | 139 | 154 | 293 |
| Sideout | 46 | 4 | 50 | 34 | 5 | 39 | 34 | 0 | 34 |
| Doright | 36 | 0 | 36 | 29 | 1 | 30 | 31 | 0 | 31 |
| London Fog | 0 | 0 | 0 | 7 | 10 | 17 | 36 | 46 | 82 |
| Others | <u>29</u> | <u>0</u> | <u>29</u> | <u>14</u> | <u>0</u> | <u>14</u> | <u>12</u> | <u>0</u> | <u>12</u> |
| Total | 346 | 287 | 633 | 325 | 338 | 663 | 393 | 493 | 886 |

Set out below is a breakdown of our revenue generated by our self-operated retail points and by sales to third-party retailers and the percentage of such revenue to our total revenue for the financial years ended 31 December 2008, 2009 and 2010:

| | Year ended 31 December | | | | | |
|--------------------------------|------------------------|--------------------|---------------------|--------------------|---------------------|--------------------|
| | 2008 | | 2009 | | 2010 | |
| | Revenue RMB million | % of total revenue | Revenue RMB million | % of total revenue | Revenue RMB million | % of total revenue |
| Self-operated retail sales | 366.2 | 72.4% | 440.0 | 67.8% | 572.2 | 62.9% |
| Sales to third-party retailers | <u>139.7</u> | <u>27.6%</u> | <u>208.9</u> | <u>32.2%</u> | <u>337.8</u> | <u>37.1%</u> |
| Total | <u>505.9</u> | <u>100%</u> | <u>648.9</u> | <u>100%</u> | <u>910.0</u> | <u>100%</u> |



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The following table sets out the number of retail points opened and closed during the periods indicated⁽¹⁾:

| | Year ended 31 December | | | | | | | | | | |
|--|------------------------|--------|--------|-------|--------|--------|-------|--------|--------|-------|--|
| | 2007 | | 2008 | | | 2009 | | | 2010 | | |
| | Total | Opened | Closed | Total | Opened | Closed | Total | Opened | Closed | Total | |
| Retail Points | 473 | 247 | 87 | 633 | 160 | 130 | 663 | 338 | 115 | 886 | |
| Self-operated retail points | 260 | 128 | 42 | 346 | 67 | 88 | 325 | 116 | 48 | 393 | |
| Retail Points operated by third-party retailers | 213 | 119 | 45 | 287 | 93 | 42 | 338 | 222 | 67 | 493 | |

Note:

(1) The above numbers exclude retail points operating as concession counters that were relocated within the same department store or shopping mall within the same year.

During the Track Record Period, we adopted the following strategies when making decisions as to the opening and closure of self-operated retail points and retail points operated by our third-party retailers: (i) we seek to establish more retail points for our best selling brands and at locations which are expected to generate a higher level of sales; (ii) we seek to reduce the number of retail points for our less popular brands and retail points which are generating sub-optimal sales performance due to, among other factors, unsatisfactory customer traffic flow in the relevant department stores or shopping malls; and (iii) we seek to establish additional retail points for London Fog products. In addition, some of our concession counters were closed as a result of decisions made by the relevant department stores or shopping malls. For the year ended 31 December 2010, we and our third-party retailers established 338 retail points to capture business opportunities from the fast-growing PRC economy after the global financial crisis and from the men's casual wear market in that period.

We have adopted a strategy of establishing a meaningful presence in major cities in the PRC which we consider as our core markets by opening our self-operated retail points. Cities in which we operate these self-operated retail points include Beijing, Shanghai, Chengdu, Tianjin, Shenzhen, Guangzhou, Nanjing, Qingdao, Wuhan, Jinan, Taiyuan, Changsha and Wuxi.

Self-operated Concession Counters

As at 31 December 2008, 2009 and 2010, we had a network of 322, 293 and 360 self-operated concession counters, respectively, which were directly operated by us. All of our self-operated concession counters are located within major department stores, including Wangfujing (王府井), Bailian (百聯), Parkson (百盛), INZONE (銀座), Dayang (大洋), Golden Eagle (金鷹), Maoye (茂業), INTIME (銀泰) and New World (新世界), with which we have established business relationships for more than five years, or shopping malls in major cities in China. These well-known department store chains and shopping malls are primary retail channels for lifestyle products marketed to mid-to-high income consumers. Selling our products through self-operated concession counters has enabled us to increase the exposure of our brands as well as benefit from the well-established customer traffic, reputation and marketing campaigns of the department stores and shopping malls where our counters are located. Leveraging our recognised brands and established relationship with

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department store operators with experience in selecting high customer traffic flow locations, we have more opportunities to co-operate with these operators and secure space for our self-operated concession counters at department stores established by such operators in different locations at major cities in the PRC.

Concession agreements

Concession agreements with department stores or shopping malls generally have a term of one year and provide that, in exchange for the use of a concession counter in the department store or shopping mall, concession fees calculated as a percentage of the gross sale proceeds of the concession counter are payable by us on a monthly basis. We are responsible for inventory sold at our self-operated concession counters, as well as the employment of sales attendants. Department stores or shopping malls provide us with guidance governing the operation of concession counters within their space.

Sales proceeds from our self-operated concession counters are collected by the respective department store or shopping mall, and we invoice and collect from each department store or shopping mall monthly for payment of the net sales proceeds, based on the prices of the products actually sold less the concession fees, promotional costs and other applicable fees and expenses charged by the department store or shopping mall.

The forms of the concession agreements are prepared and provided by the respective department stores or shopping malls. Specific terms of the respective concession agreements vary from brand to brand. Salient terms of the concession agreements include the term, premises, sales management, concession fees, commodity administration, personnel management, promotion management and financial settlement.

As at 31 December 2010, the Group had entered into concession agreements with more than 170 department stores or shopping malls.

Self-Operated Stores

As at 31 December 2008, 2009 and 2010, we had eight, 11 and five self-operated stores, respectively, most of which were located in shopping malls within major cities in the PRC with high level of customer flow to ensure a steady flow of consumers as well as to enhance our sales and brand awareness. We believe the shopping mall environment provides a more pleasant shopping experience compared to stores on high streets.

For our self-operated stores, we typically enter into leases with the landlords under which a fixed amount of rent is payable. We directly collect the sales proceeds from our self-operated stores and are responsible for inventory and the sales attendants employed at these stores.

Consignment Stores

As at 31 December 2010, we sold our products through 28 retail stores on a consignment basis. Under a consignment arrangement, the operator of the consignment store is responsible for the management and operation of the stores whilst we retain the ownership of the inventory. Upon a sale, the operator is responsible for remitting to us a percentage of the sale proceeds specified in our standard consignment agreement for a term of one year with each consignee. The consignment stores are located in airports and department stores in major cities in China. Selling our products through consignment stores can provide us with better control over the relevant brand's image than selling to third-party retailers and can encourage sales by consignees by reducing their inventory risks. For marketing and image consistency, consignees are required to obtain our permission on the major conditions of the consignment stores, such as the layout, area of the retail space they plan to operate and the uniform of sales personnel. All of the consignees are Independent Third Parties.

Retail Points Operated by Our Third-party Retailers

We engage third-party retailers which directly operate stores or concession counters in department stores or shopping malls in cities in the PRC where we do not operate retail points to expand our sales network. These third-party retailers purchase our products as principal and on-sell them to retail customers through the retail points operated by them based on our standardised nationwide pricing guidelines. Cities in which our third-party retailers operate their retail points include Xian, Harbin, Urumqi, Xining, Hefei, Xiamen, Kunming, Guiyang, Chongqing, Zhengzhou, Dalian, Hohhot and Shenyang. This strategy enables us to increase the exposure of our brands and benefit from increased revenue without having to incur the investment costs and inventory risks associated with establishing self-operated retail points in those cities. This model also enables us to recognise revenue upfront, reduce bad debts and inventory risks and penetrate into different regions in the PRC.

Each of our third-party retailers is generally given exclusivity over the city in which it operates. We believe this can lead to increased loyalty and provide greater incentive to our third-party retailers to expand our market share within their respective exclusive territory.

We recognise our revenue from the sale of our products to third-party retailers upon delivery of the goods to the third-party retailers. All of our third-party retailers are Independent Third Parties, and none of our third-party retailers has any past or present relationships (including family or employment relationships other than as our third-party retailer) with our Group, our Directors, any member of our senior management, any of the Controlling Shareholders, the Investors, Mr. Chen, ICL London Fog and their respective associates. To the best of our Directors' knowledge, none of our third-party retailers was related to any other third-party retailer during the Track Record Period.

Criteria for selection of third-party retailers

We select our third-party retailers based on a range of criteria which we consider important for the operation of our sales network and images of our brands. Before we engage a third-party retailer, we check the candidate's background and creditworthiness to assess suitability. To the best of our Directors' knowledge, most of our third-party retailers are retailers operating retail points selling apparel products in their respective local regions. Our Group has established business relationships

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of at least three years with most of our 197 third-party retailers as at 31 December 2010. We strategically select our third-party retailers based on the following criteria:

- local recognition and network;
- existing relationship with us;
- managerial capabilities;
- retail experience;
- capital resources; and
- ability to secure suitable retail point locations.

Retail agreements with our third-party retailers

We enter into a retail agreement with each of our third-party retailers on an annual basis which is renewable solely at our option. The retail agreements generally include the following principal terms:

- *Duration:* The term of the retail agreement is one year which may be renewed solely at our option.
- *Geographical exclusivity:* Each third-party retailer is authorised to sell our products exclusively within a defined geographical area and is not permitted to sell our products outside that area.
- *Exclusivity:* We generally do not restrict our third-party retailers from selling products which are not supplied by us. Our third-party retailers are, however, required to exclusively sell our products at retail points which carry and sell our products.
- *Initial charge:* Each third-party retailer is required to pay us an initial charge upon signing the initial retail agreement.
- *Deposit:* Each third-party retailer is required to pay us a deposit upon signing the retail agreement to ensure that the retailer complies with the terms of the retail agreement.
- *Pricing:* We require our third-party retailers to adhere to our standardised nationwide retail prices for our products.
- *Retail points:* We require our third-party retailers to adopt our standardised product display, outlet layout, staff uniform and marketing brochures to build a consistent brand image and management nationwide.
- *Return of products:* Products sold to third-party retailers cannot be returned except for quality defects.
- *Purchase target:* We require our third-party retailers to agree with us on a semi-annual purchase target upon entering into the retail agreement. During the term of the agreement, if a third-party retailer fails to meet the semi-annual purchase target, we may refuse to renew the agreement upon expiration or may engage another third-party retailer within the same area. We do not provide any rebates, commissions or incentives to our third-party retailers that are able to meet their respective semi-annual purchase targets.
- *Termination rights:* Either party is entitled to terminate the agreement with two months' written notice to the other party. We are entitled to terminate the agreement in certain circumstances, including breach of the agreement by a third-party retailer, damage to the images of our brands or failure to meet our sales performance targets or management standards.

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In addition, for new third-party retailers, we require them to purchase a minimum amount of inventory for their establishment and operation of their first retail point. Apart from the purchase target referred to above, we do not require our third-party retailers to purchase a minimum amount of inventory when they establish subsequent retail points. For the years ended 31 December 2008, 2009 and 2010, we engaged 18, 28 and 38 new third-party retailers for our JEEP products and 19, five and 28 new third-party retailers for our SBPRC products, respectively. Pursuant to the terms of the JEEP and SBPRC third-party retailer agreements, we require our new third-party retailers to purchase a minimum amount of inventory of up to RMB500,000 and RMB200,000, respectively, for the establishment of the first retail point. For third-party retailers selling products under the London Fog brand, although we are entitled under the third-party retailer agreements to require the purchase of a minimum amount of inventory by third-party retailers seeking to establish their first retail point, in practice, we have not implemented such requirement in 2009 or 2010. During the Track Record Period, we did not engage any new third-party retailers for products under any brands, other than JEEP and SBPRC, that have a minimum purchase requirement.

Management of our third-party retailers

We believe that maintaining a nationwide unified image for each of our brands and building the public's perception of our brands is critical to our success. Accordingly, we require our third-party retailers and their sales personnel to undergo our mandatory training sessions on brand image, retail point operation and product features. To maintain the middle-to-high end image of our brands, the retail agreement imposes upon our third-party retailers certain standard operating procedures relating to the pricing policies, sales return policies, product mix and image of sales staff members. We also require our third-party retailers to comply with our standardised retail space design, planning, layout and product display for each brand. To ensure compliance, we produce and generally require our third-party retailers to source from us standardised store display equipment for each retail point. We routinely visit retail points operated by our third-party retailers to ensure compliance with our standard operating procedures and provide them with appropriate guidance. We are entitled to forfeit deposits paid by our third-party retailers or terminate the retail agreements with them for breaching the standards and procedures under the retail agreement.

For marketing purposes, we encourage our third-party retailers to participate in various promotional campaigns and programmes organised by department stores or shopping malls where their respective retail points are located.

We sell our products to our third-party retailers at a price which is below our standardised retail price. We meet with our third-party retailers at our sales fairs to collect feedback and exchange ideas regarding market trends and consumers' responses to our products. We also communicate our latest marketing strategies with our third-party retailers at our sales fairs to maintain a consistent business operation and brand image across our sales network.

We believe that our sales growth is largely supported by retail sales in the market rather than a mere reflection of accumulation of inventory at the third-party retailers' level. We sell our products only through self-operated retail points and to third-party retailers which operate retail points. As our business model does not involve any wholesaler or second-tier distributor, changes in sales and inventory levels at the retail points selling our products can be quickly reflected in our records. From 2008, we began to collect sales data from our third-party retailers at regular intervals. Sales

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to ultimate consumers at retail points operated by our third-party retailers are reflected in these regular sales data. We analyse the sales data received and the purchase orders placed by each third-party retailer and are able to estimate the approximate inventory position maintained by the relevant third-party retailer. Our sales to ultimate consumers at all of our self-operated retail points are reflected on our POS system on a real-time basis.

Pricing Policies

We have adopted a standardised retail pricing system that is applied to all retail points to maintain the middle-to-high end image of our brands and avoid price competition among our third-party retailers and between ourselves and the third-party retailers. We require our third-party retailers to adhere to the retail pricing system.

We sell our products to all of our third-party retailers at a price which is lower than the standardised retail price. In determining our standardised retail prices, we take into account factors including the purchasing power of the targeted consumer groups of each brand, position of each of our brands in the market, production costs and expected profit margin. Under the retail agreements, our third-party retailers are prohibited from selling our products at a discount to our standardised retail price without our consent.

We aim for our consumers to understand that the retail price is consistent with the underlying value of the product and that our products will not be marked down frequently for promotions. We seek to limit the number of sale events because we believe this strategy will portray a balanced image of high quality and reasonable pricing.

Discount Policies

Our self-operated retail points and retail points operated by our third-party retailers generally do not offer discounts on our products. We and our third-party retailers usually follow promotional activities organised by the department stores or shopping malls at which the retail points are situated. We and our third-party retailers may, from time to time, offer discounts on our end-of-season and out-of-season inventory. We also sell excess out-of-season inventory at a higher discount through our self-operated retail points.

Sales Return Policies

Sales return policies for consumers

We require all retail points operated by ourselves or our third-party retailers to adopt a unified sales return policy for consumers. Under our sales return policy for consumers, defective products purchased by consumers can be exchanged.

Sales return policies for third-party retailers

Under the retail agreements with our third-party retailers, they are required to submit a sales return application to us within 48 hours after receipt of any products with quality defects.

During the Track Record Period, we recorded no significant sales returns from consumers or third-party retailers for defective products or for any other reasons, and no material claim has been brought against us for product defects or any other reason.

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OUR CUSTOMERS

The aggregate sales to our top five customers, all of whom are our third-party retailers, accounted for approximately 6.4%, 6.7% and 5.9% of our total revenue, and the sales to our largest customer accounted for approximately 1.6%, 1.7% and 1.4% of our total revenue, for the financial years ended 31 December 2008, 2009 and 2010, respectively. None of our Directors, our chief executive or any person who, to the knowledge of our Directors, owns more than 5% of our issued share capital or any of our subsidiaries, or any of their respective associates, had any interest in any of our top five customers during the Track Record Period.

We generate a substantial proportion of our revenue from sales to consumers through our self-operated retail points. Proceeds from sales to consumers through our self-operated concession counters are collected by the respective department stores or shopping malls, and we invoice and collect from each department store or shopping mall monthly for payment of the net sales proceeds. Although we record these as our sales to the relevant department stores or shopping malls, such sales are in fact generated from retail consumers. We anticipate that our consumer base will become increasingly diverse as we expand our sales network and product offerings. For the financial years ended 31 December 2008, 2009 and 2010, approximately 72.4%, 67.8% and 62.9%, respectively, of our total revenue were generated by sales to consumers through our self-operated retail points.

MANAGEMENT INFORMATION SYSTEM

We place considerable emphasis on our management information system to improve efficiency in the management of our supply chain, sales, inventory control and logistics. Currently, our network of self-operated retail points is linked to our central headquarters through the POS component of our ERP system, which facilitates timely and accurate data management. This allows us to collect information regarding consumer purchase and monitor consumer preferences and make timely assessments on market trends. The ERP system also enables us to closely monitor inventory levels and transaction patterns at each of our self-operated retail points, providing vital information which we can use to facilitate responsive reallocation of stock.

During the Track Record Period, we did not experience any incidents of malfunction of any part of our management information system which materially affected our operations. In order to ensure that our performance and service standards keep pace with our expanding network of retail points, we plan to improve our system to manage the information flow among the supply chain, the retail points and the logistics centre. We have enhanced the exchange of information with some of our suppliers by promoting direct linkage of our ERP system with them. In order to monitor the progress and status of product turnover, we plan to integrate the POS component of our ERP system with those of our third-party retailers. We expect to complete the implementation of automated electronic communication with our third-party retailers by or around the end of 2011. Subject to compatibility of the information system of each of the retail points operated by our third-party retailers with our system, we may try to extend further such linkage with those retail points in the future. We anticipate that our improved management information system will allow us to streamline our production process, shorten production lead time, reduce logistics bottlenecks and improve overall efficiency of our Group.

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CASH CONTROL

Cash Management

We generate a substantial amount of cash as part of our business. It is therefore important that we maintain strict control over our cash management. Daily reports on our bank balance are prepared by our treasury staff and reviewed by the management. Weekly cashflow forecasts are also prepared to facilitate the management of our cashflow.

Cash Collection

Self-operated concession counters

Sales proceeds are first collected by department stores or shopping malls and monthly sales proceeds are typically paid to us within one month after deducting the concession fees, promotional costs and other applicable fees and expenses. The amount of net sales proceeds receivable from and the monthly concession fees payable to the department stores or shopping malls are checked by reconciling our monthly sales records with the sales records maintained by the department stores or shopping malls. Proceeds received from the department stores and shopping malls are deposited into our bank accounts.

During the Track Record Period, we did not experience any material default in collecting net sales proceeds from the department stores or shopping malls.

Self-operated stores

With respect to our self-operated stores, sales are paid for at the time of purchase by cash, credit card or debit card. We have adopted strict internal control procedures for handling cash received at our self-operated stores, which include the following:

- (i) in general, all cash receipts are required to be deposited daily with a designated bank;
- (ii) daily reconciliation of sales required to be recorded by the POS system and actual cash proceeds;
- (iii) the requirement to use sequentially numbered sales receipts to check against sales amounts and cash proceeds;
- (iv) the requirement to conduct regular checks by the staff of cash proceeds against the records of deposit of cash, as well as random checks on the sales receipts to ensure that sales are properly recorded by the POS system; and
- (v) the requirement for settlement by debit or credit cards to be checked against bank statements to ensure proper receipts, and for discrepancies to be followed up with bank or card operators.

For the financial years ended 31 December 2008, 2009 and 2010, the amount of cash sales generated by our self-operated stores as a percentage of total sales of our Group was approximately 1.4%, 0.9% and 0.8%, respectively.

Cash Payments

In order to maintain strict control over all cash payments, we only allow certain approved members of the senior management or staff to make or authorise payments.

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During the Track Record Period, we did not experience any incident of loss from cash misappropriation.

INVENTORY CONTROL AND LOGISTICS

Our inventory consists of raw materials for the production of apparel, work-in-progress and finished products. We strive to reduce excess levels of raw materials and finished products in our inventory while meeting the supply demands of our retail points. We are able to manage our inventory levels by procuring the majority of finished products and raw materials upon confirmation of our internal orders and the purchase orders from our third-party retailers after the sales fairs.

From 2008, we began to collect sales data from our third-party retailers at regular intervals. After we sell our products to our third-party retailers, the products become part of their inventories, over which we have no control. We are able to estimate the approximate inventory position maintained by each of our third-party retailers from their subsequent purchase orders and sales data and reports so as to gather information and data regarding the market acceptance of our products in a particular region.

Occasionally, retail points in our sales network encounter unforeseen demand for particular models of our products. Our ERP system enables us to closely monitor inventory levels at each of our self-operated retail points with vital information which we can use to facilitate responsive reallocation of stock. We are normally able to reallocate stock among our self-operated retail points in the same city within 24 hours. For supplemental orders from our third-party retailers that can be fulfilled from our existing inventory, we place priority on reallocating stock from our self-operated retail points to those of our third-party retailers to replenish their inventories.

To reduce the risk of building up aged inventory, we carry out physical stock counts periodically. We categorise our retail points based on their profitability and targeted consumer groups and reallocate past-season products to certain retail points to sell at a discount. We also sell excess out-of-season inventory at a higher discount through our self-operated discount outlet retail points, promotional activities at our self-operated retail points and annual internal special offer sales. To reduce the level of our aged finished goods, we, from time to time, also offer discounts on our end-of-season or out-of-season stock through store anniversary sales or festival promotional sales as directed by department stores or shopping malls where our retail points are located. We closely monitor inventory levels and transaction patterns at each of our self-operated retail points, which provides us with information regarding consumer preferences and enables us to make timely assessments on market trends. We adjust our production plan of new items based on such information.

For the financial years ended 31 December 2008, 2009 and 2010, our average inventory turnover were 356 days, 289 days and 304 days, respectively, whilst the balance of our inventory as at 31 December 2008, 2009 and 2010 accounted for approximately 38.1%, 24.8% and 21.9%, respectively, of our total current assets. We have relatively high inventory balances and relatively long inventory turnover days because (i) we are a fast-growing company and we maintain a higher level of inventory to ensure sufficient stock supply to our expanding sales network and we keep adequate level of stock at each self-operated retail point depending on the sizes and sales of the retail points; (ii) our sales model, under which a majority of our sales are made through our self-operated

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retail points, results in a higher level of inventory than that of our competitors which operate under a pure distributorship or franchise sales model, as a large portion of our unsold products are recognised as our inventory rather than that of our third-party retailers; (iii) due to the seasonality of our business, we record the balance of our inventory at the end of each year when we generally have a higher level of inventory comprising our fall/winter apparel products in anticipation of the sales peak during the Chinese New Year holiday season and for the early months of the following year, and our fall/winter apparel products generally have higher unit selling prices than our spring/summer apparel products; (iv) the fashion trend of men's casual wear in the PRC changes relatively more slowly than those of womenswear, and the designs of most of our men's casual wear products do not change drastically from year to year, allowing our products held in inventory for one collection to be marketed and sold even after the next product collection is launched; and (v) the nature of our business requires us to offer a broad range of product types, sizes and colour selections to consumers and thus we have to maintain a relatively higher inventory level to accommodate such product offerings. We believe we maintained our inventory balance at a healthy level as evidenced by our strong cash flow position and profit during the Track Record Period. For further details on our inventory level, please refer to the section headed "Financial Information — Inventory Analysis" in this prospectus.

We own four warehouses in Beijing, Shanghai, Wuhan and Dezhou and occupy three other warehouses in Shanghai, Guangzhou and Chengdu under leases. All of our warehouses are strategically located in the same regions in which our production facilities and third-party manufacturers are located. We are expanding our warehouse in Shanghai to establish our main logistics centre and have entered into a memorandum of understanding with an Independent Third Party to acquire a piece of land for the construction of a new warehouse in Shanghai. This land acquisition proposal is only at a preliminary stage, and we have not entered into any definitive sale and purchase agreement in connection with the proposed acquisition. Our PRC legal adviser, Commerce & Finance Law Offices, has confirmed that the memorandum of understanding does not constitute a legally binding commitment on the parties involved.

Raw materials supplied by our suppliers are delivered to our Dezhou facilities for our production at the suppliers' own cost and risk. Almost all of the finished products supplied by our third-party manufacturers are delivered directly to one of our warehouses (for products to be sold through our self-operated retail points) or to our third-party retailers (for products to be sold through retail points operated by third-party retailers) under our instructions at our cost, depending on the terms of the relevant purchase contract. For long-haul deliveries for the purpose of reallocating inventories among retail points, we deliver our products to retail points through third-party logistics companies which bear the risks and losses associated with the delivery of our products. We engage a number of logistics companies for each sales region in the PRC (each of which is an Independent Third Party), and we did not experience any material loss in the delivery of our products during the Track Record Period. We also maintain our own logistics team for short-haul deliveries of our products to maximise logistics efficiency.

MARKETING AND PROMOTION

Our marketing and promotion strategy has played an important role in the enhancement of our brands and the increase of our sales. We have specifically designed our marketing strategies and tactics tailored to our targeted consumers who prefer smart casual wear and outdoor casual wear.

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We select recognised international brands which minimise the need for large-scale brand promotions. We pursue a direct in-store marketing strategy which focuses on in-store product presentation in a stylish, attractive and consistent manner. Through the use of consistent product displays, window displays and furnishings at retail points, we seek to increase the consumers' awareness of the relevant brands. We believe that this in-store marketing approach is more cost-effective than non-specific mass promotion because we strategically position our self-operated retail points within department stores and shopping malls that already attract the flow of our targeted consumers. We also benefit from the reputation and marketing activities of the department stores and shopping malls in which we operate our self-operated retail points. Our in-store marketing strategy is thus complementary to the overall strategy of concentrating our retail points in locations where we consider likely to attract the rising tide of consumer affluence in the PRC.

We believe that the established reputation of our brands demonstrates their strengths. By the following promotional activities, we have strengthened the reputation of our brands:

- **VIP card programme**

We have launched a nationwide VIP card programme for some of our brands. Our VIP cardholders enjoy a discount for each purchase of products and special discounts on selected dates for purchases of the brand for which the VIP card was issued.

- **Distribution of product catalogues**

To promote the latest designs from our seasonal collections, we print product catalogues and posters that are designed to attract consumers to our retail points.

- **Media advertising**

We advertise our products on billboards and in magazines distributed on domestic airlines to raise brand awareness amongst our targeted consumers.

- **Seasonal promotions and discounts**

As part of our sales strategy, we offer discounts on selected merchandise for a limited promotional period. We also participate and encourage our third-party retailers to participate in promotional campaigns organised by department stores or shopping malls to take advantage of the higher number of consumers visiting the stores or malls during promotional periods.

COMPETITION

In line with economic growth, the demand for menswear in the PRC has been growing steadily in recent years, attracting many new competitors to the market, including international and domestic and single and multi-branded menswear companies. The principal bases of competition in the PRC menswear industry include, among other things, brand loyalty, product variety, product design, product quality, marketing and promotion, price and the ability to meet the diverse demands of consumers. We believe that establishing a cost-effective sales network poses a substantial barrier to entry into the menswear industry in the PRC and that our established network of retail points provides us with a competitive advantage over new competitors.

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Some of our international competitors may have greater financial and marketing resources and geographical reach than us and may enjoy stronger brand loyalty and image and therefore premium pricing. In recent years, we have seen an increasing number of international brands operating and marketing in the PRC menswear market. We consider such international brands to be our principal competitors in the PRC market, although we expect to face increasing competition from domestic brands.

Our brands aim to target the middle-to-high end segments of the men's smart casual wear, outdoor casual wear and leisure wear market in the PRC. We believe that we have distinguished ourselves from competing brands on the basis of:

- our strong position to benefit from and capture opportunities from the fast-growing PRC men's casual wear market;
- our ability to select, position and manage brands;
- our strong product design capabilities and broad product offerings;
- our efficient supply chain model;
- our extensive sales network with strategic geographical coverage; and
- our experienced management team.

EMPLOYEES

As at the Latest Practicable Date, we employed 1,932 full-time employees. The following table shows a breakdown of our employees by department as at that date:

| <u>Department</u> | <u>Number of Employees</u> |
|--|----------------------------|
| Management and administration | 38 |
| Manufacturing/Production | 357 |
| Sales and marketing | 1,341 |
| Finance and accounting | 37 |
| Design, research and product development | 26 |
| Warehouse and logistics | 120 |
| Others | 13 |
| Total | <u>1,932</u> |

We provide induction programmes and continuous training to our employees to enhance their industry, technical and product knowledge, as well as their familiarity with industry quality standards and work safety standards.

In order to promote high-quality customer service in our self-operated retail points, we directly manage recruitment and training of our sales attendants at these retail points. Training includes information about us, methods of serving customers, knowledge of our brands and products and sales skills.

We strive to continuously maintain good working relations with our employees. We believe that our management policies, working environment, development opportunities and employee benefits have contributed to building good employee relations and employee retention.

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The remuneration packages of our employees include salary, bonuses and allowances. As required by PRC regulations, we participate in the social insurance schemes operated by the relevant local government authorities and maintain mandatory pension contribution plans and medical and work-related injury insurance schemes for our employees in the PRC. We also contribute to various maternity insurance and unemployment insurance plans as well as housing accumulation funds for our employees. As part of our remuneration policies for our senior management, we have adopted the Pre-IPO Share Option Scheme and the Share Option Scheme which are designed to provide incentives and rewards to our management-level employees. For further details on the principal terms of the Share Option Scheme, please refer to Appendix VI to this prospectus. We believe that by offering our key employees a shareholding stake in our Company, we are aligning their interests with our interests, thereby providing our key employees with additional incentives to improve our performance.

Our PRC legal adviser, Commerce & Finance Law Offices, has confirmed that we comply with all material statutory social insurance obligations applicable to us under the PRC laws. In accordance with the applicable PRC laws and regulations on social insurance, we contribute to unemployment insurance plans as well as housing accumulation funds for our employees. We believe that we maintain a good working relationship with our employees, and during the Track Record Period, we did not experience significant problems in our relationship with our employees or disruption to our operations due to labour disputes.

Director and Staff Remuneration

We determine the remuneration of our staff based on factors such as qualifications and years of experience. Our employees' wages, salaries and pension scheme contributions (including Directors' and senior management's emoluments and pension scheme contributions) in the financial years ended 31 December 2008, 2009 and 2010 were RMB26.8 million, RMB32.4 million and RMB54.1 million, respectively. For the same periods, the aggregate of the remuneration paid and benefits in kind granted to our Directors by our Group were RMB0.1 million, RMB0.1 million and RMB5.4 million, respectively, and we consider that the remuneration paid to our Directors reflected their contributions to the growth of our Group's business for the relevant periods.

ENVIRONMENTAL AND SAFETY MATTERS

We are subject to PRC environmental laws and regulations, which include the Environmental Protection Law of the PRC* (中華人民共和國環境保護法), the Law of the PRC on the Prevention and Control of Water Pollution* (中華人民共和國水污染防治法), the Law of the PRC on the Prevention and Control of Atmospheric Pollution* (中華人民共和國大氣污染防治法), the Law of the PRC on the Prevention and Control of Pollution From Environmental Noise* (中華人民共和國環境噪聲污染防治法) and the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste* (中華人民共和國固體廢物污染環境防治法). These laws and regulations govern a broad range of environmental matters, including air pollution, noise emission and water and waste discharge.

According to these environmental laws and regulations, all business operations that may cause environmental pollution and other public hazards are required to incorporate environmental protection measures into their plans and establish a reliable system for environmental protection.

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These operations must adopt effective measures to prevent and control pollution levels and harm caused to the environment in the form of waste gas, waste water and solid waste, dust, malodorous gas, radioactive substances, noise, vibration and electromagnetic radiation generated in the course of production, construction or other activities.

Our PRC legal adviser, Commerce & Finance Law Offices, has confirmed that during the Track Record Period (i) we complied in all material respects with relevant environmental rules and regulations and have obtained all the required permits and environmental approvals for our production facilities, (ii) no environmental pollution incident was the subject of investigation by relevant government authorities; and (iii) no penalty of any kind was imposed on any member of our Group.

As we do not produce material quantities of industrial waste in our production process and our Directors do not anticipate that our production will produce any material quantities of industrial waste in the future, other than the expenses that will be incurred for compliance with the current environmental laws and regulations, we have not allocated resources to new technology or conducting research and development to reduce our impact on the environment.

Our Directors confirm that we comply in all material respects with the relevant requirements under the PRC laws and regulations in relation to waste water treatment. We do not produce material amounts of waste during our production. Currently, none of our customers imposes any environmental compliance requirements as conditions for placing orders with us.

Labour and Safety Matters

We are subject to various labour and safety laws and regulations in the PRC, including the PRC Labour Law* (中華人民共和國勞動法), the PRC Production Safety Law* (中華人民共和國安全生產法), the Regulation of Insurance for Labour Injury* (工傷保險條例), the Unemployment Insurance Law* (失業保險條例), the Provisional Insurance Measure for Maternity of Employees* (企業職工生育保險試行辦法), the Interim Provision Registration of Social Insurance* (社會保險登記管理暫行辦法), the Interim Regulation on the Collection and Payment of Social Insurance* (社會保險費徵繳暫行條例) and other related regulations, rules and provisions issued by the relevant governmental authorities from time to time for operations similar to ours in the PRC.

According to the PRC Labour Law* (中華人民共和國勞動法) and the Labour Contract Law* (中華人民共和國勞動合同法), labour contracts shall be concluded if labour relationships are to be established between individual workers and members of our Group, and we are required to enter into non-fixed-term employment contracts with employees who have worked for the Group for more than ten years or for whom a fixed term employment contract has been concluded for two consecutive terms. We must provide wages which are not lower than local minimum wage standards to the employees from time to time. We are also required to make severance payments to employees when the term of their employment contract expires, unless the employee voluntarily terminates the contract or voluntarily rejects an offer to renew the contract in circumstances where the conditions offered by the employer are the same as or better than those stipulated in the current contract. The amount of severance payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. We are required to establish

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a system for labour safety and sanitation, strictly abide by State rules and standards and provide relevant education to our employees. We are also required to provide our employees with labour safety and sanitation conditions meeting State rules and standards and carry out regular health examinations of our employees engaged in hazardous occupations.

The PRC Production Safety Law* (中華人民共和國安全生產法) (the “Production Safety Law”) requires us to maintain conditions for safe production as provided in the Production Safety Law and other relevant laws, administrative regulations, national standards and industrial standards. Any entity that is not sufficiently equipped to ensure safe production may not engage in production and business operation activities. We are required to offer education and training programmes to our employees regarding production safety. The design, manufacture, installation, use, checking and maintenance of our safety equipment are required to conform with applicable national or industrial standards. In addition, we are required to provide labour protection equipment that meets the national or industrial standards to our employees and to supervise and educate them to wear or use such equipment according to the prescribed rules.

As required under the Regulation of Insurance for Labour Injury* (工傷保險條例), the Provisional Insurance Measures for Maternity of Employees* (企業職工生育保險試行辦法), the Interim Regulation on the Collection and Payment of Social Insurance Premiums* (社會保險費徵繳暫行條例) and the Interim Provisions on Registration of Social Insurance* (社會保險登記管理暫行辦法), we are obliged to provide our employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, injury insurance and medical insurance.

We make efforts to ensure the safety of our employees. We implement safety guidelines and operating procedures for our production processes, and provide employees with occupational safety education and training to enhance their awareness of safety issues.

During the Track Record Period, we complied with all applicable labour and safety laws and regulations in all material respects and implemented internal safety guidelines and operating procedures. Since the commencement of our business, none of our employees has been involved in any major workplace accident in the course of their employment, and we have never been subject to disciplinary actions with respect to the labour protection issues.

Our PRC legal adviser, Commerce & Finance Law Offices, has confirmed that our Group will not be responsible for breaches of laws, rules and regulations by the operations of our suppliers or third-party manufacturers. Furthermore, our Directors have confirmed that our Group was not held liable for breach of laws, rules and regulations by our suppliers or third-party manufacturers during the Track Record Period.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, we have obtained the licences to use four groups of recognised international brands, namely JEEP, SBPRC, Hallmark and Sideout, for the manufacture, marketing and sale of our menswear products in the PRC. We have also been assigned the ownership of the

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London Fog brand in relation to the manufacture, marketing and sales of our apparel products in the PRC. For the key provisions of the relevant agreements in respect of these brands and the scope of the licences and assignment, please see the section headed “Brands” in this section of this prospectus. We also offer menswear in China under our self-developed brand, Doright.

Our success depends in large part on our trademarks and other intellectual property rights, including trade names, service marks, copyrights, domain names and business information system software which are either licensed to or owned by us. We have obtained, or are otherwise in the process of renewing, the relevant trademark certificates with respect to the use or ownership, as the case may be, of the core trademarks used by us for the above six brands under, among other things, class 25 for apparel products and certain types of accessories. To prevent others from seeking to register or use our London Fog related marks for other product types, we are in the process of registering such marks under other related or associated classes with the trademark registry in the PRC. We are also in the process of registering certain additional marks which we have developed. Our PRC legal adviser, Commerce & Finance Law Offices, has advised us that unless party challenges our registration applications, there exists no legal impediment to obtaining the relevant trademark certificates for such trademarks in the PRC. Nonetheless, prior to the completion of such registration, we may not be fully and adequately protected in the PRC with respect to trademarks the registration of which is pending. We have made applications for the renewal of all the expired trademarks, and our PRC legal adviser, Commerce & Finance Law Offices, has confirmed that there is no legal impediment to completing such renewals. We also plan to seek renewal of our expiring trademarks, and domain names which are due to expire in the near future. For a detailed list of these items in relation to the brands in our brand portfolio, please see the section headed “Statutory and General Information — Further Information about Our Company — Intellectual property rights” in Appendix VI to this prospectus and the paragraph headed “Risk Factors — Risks Relating to Our Business — We may be affected by infringement of our intellectual property rights or counterfeiting of our products” in this prospectus.

Protection of Intellectual Property

We recognise the importance of protecting and enforcing our intellectual property rights. If any infringement of our intellectual property rights is found, we will seek to take appropriate action, subject to the relevant licensor’s authorisation, to defend our brands. During the Track Record Period, we encountered incidents of counterfeit products and, in addition to reporting to and working with the relevant licensors to initiate appropriate legal action, we reported such cases to the relevant government authorities so that they could take enforcement action directly against the parties liable for such counterfeit products. None of these instances, however, was materially significant to our business and operations. Please refer to the paragraph headed “We may be affected by infringement of our intellectual property rights or counterfeiting of our products” under the section headed “Risk Factors” in this prospectus for details of the risks we may encounter in relation to counterfeit products.

We confirmed that, to the best of our knowledge as at the Latest Practicable Date, we were not aware of any material infringement of our intellectual property rights, and we believe that we have taken

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all reasonable measures to prevent any infringement of our own intellectual property rights. As at the Latest Practicable Date, we were also not aware of any pending or threatened claims against us or any of our subsidiaries in relation to the infringement, including those arising from the design of our products under our Doright brand, of any intellectual property rights of third parties.

PROPERTIES

Given the nature of our business, we do not own or lease a material amount of property interests.

Self-owned properties

As at 30 April 2011, we owned eight properties, all of which are situated in the PRC. These self-owned properties are used as our offices, staff quarters, production facilities and warehouse facilities.

We do not hold valid title certificates with respect to three properties. These properties are used by us as warehouse facilities and a local office. Of the three properties, we are unable to obtain the relevant title certificate for one property due to the lack of policy or procedure for the issue of title certificates for residential properties in Beijing by the relevant governmental department. With respect to the remaining two properties, we are awaiting the developers of the sites to complete their title registration related process before we can proceed to apply for the issue of the relevant title certificates. Our PRC legal adviser has opined that, upon completion of the above process by the relevant land developers, there will exist no material impediments for us in obtaining the relevant title certificates. We believe that we are able to locate substitute facilities without material interruption to our operations in the event that we are unable to continue to use such land and buildings.

Leased properties

As at 30 April 2011, we had leased 15 properties in the PRC. These leased properties are used as our offices, warehouse facilities, staff quarters and our self-operated retail stores.

In relation to 10 of the properties leased by us, the lessor of the properties have not provided land use rights certificates and/or building ownership certificates for such properties. These properties are used by us as warehouse facilities, offices and self-operated retail stores. As confirmed by our PRC legal adviser, Commerce & Finance Law Office, we will not be subject to any legal liabilities or penalties for using the above-mentioned leased property without proper title certificates. However, we may be required to cease occupation and use of such leased property, in which case we will have to relocate to other premises. We do not believe any such relocation would create any material interruption to our operations.

In addition, five of the lease contracts with respect to our leased properties have not been registered with the relevant PRC authorities. According to our PRC legal adviser, Commerce & Finance Law Offices, the relevant PRC authorities may require us to apply for such registrations within a stipulated time. If we fail to do so, we may be liable to a fine of RMB1,000 or more per incident. Separately, we have entered into a number of intra-group leases, two of which have not been

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registered with the relevant PRC authorities. As in the case for lease contracts entered into with external parties, we may be liable to a fine of RMB1,000 or more per incident if we fail to register them within the time stipulated by the relevant authorities. Our PRC legal adviser has nonetheless opined that these lease agreements remain enforceable against the relevant lessors.

Further details of our self-owned properties and leased properties are set out in the section headed “Appendix IV — Property Valuation” in this prospectus.

INSURANCE

Our insurance coverage includes employee social insurance and property insurance.

Except when required by the relevant licence agreements, we generally do not maintain product liability insurance for our products. Nevertheless, we believe that our practice is in line with the general practice in the PRC as product liability insurance is not required under PRC law. During the Track Record Period, we did not receive any material claim from customers or consumers relating to any liability arising or relating to the use of our products which has resulted in significant negative publicity for our Group.

LEGAL COMPLIANCE AND PROCEEDINGS

As at the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our operating results or financial condition. In particular, our Group had not been subject to any product liability claims. Our Directors have confirmed that our Group has complied with relevant laws and regulations in all material aspects, including laws and regulations relating to environmental protection, safety, labour and social security, and has obtained all licences, approvals and permits from appropriate regulatory authorities for our business operations in the PRC since the commencement of the Track Record Period.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately after completion of the Capitalisation Issue and the Global Offering, the Controlling Shareholders will together control the exercise of voting rights of more than 30.0% of the Shares eligible to vote in the general meeting of our Company (assuming the Over-allotment Option is not exercised). Save and except for their respective interests in our Company and its subsidiaries, none of the Controlling Shareholders nor any of their respective associates had interests in any other companies as at the Latest Practicable Date which may, directly or indirectly, compete with our Group's business.

NON-COMPETITION UNDERTAKING

Each of CEC Outfitters, CEC Menswear BVI, Vinglory and Mr. Zhang Bruce Yongfu (the "Covenantors") has entered into the Deed of Non-competition in favour of our Company, pursuant to which each of them has undertaken to our Company (for itself and as trustee for each of its subsidiaries) that it/he will not, and will procure that its/his associates (except any members of our Group) will not, during the restricted period set out below, directly or indirectly, either on its own account or in conjunction with or on behalf of or through any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent, employee or otherwise and whether for profit, reward or otherwise) any business which is or may be in competition with the business of any member of our Group as described in this prospectus.

Such non-compete undertaking does not apply to the Covenantors or their associates in respect of:

- (a) their interests in the shares of any member of our Group; or
- (b) their interests in the shares of a company other than our Group which shares are listed on a recognised stock exchange provided that the total number of the shares held by each Covenantor and/or its/his associates in aggregate does not exceed 5% of the issued shares or securities of that class of the company in question and it/he and/or its/his associates, whether acting individually or jointly, are not entitled to appoint a majority of the board of directors of that company.

The "restricted period" stated in the Deed of Non-competition refers to the period expiring on the earlier of (i) the date on which our Shares cease to be listed and traded on the Stock Exchange; (ii) in relation to each of the Covenantors, the date on which it and its associate cease to hold any of our Shares; and (iii) the date on which the Covenantors and/or their respective associates jointly or severally cease to be entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of our Company.

DIRECTORS

Each of the Directors confirms that he or she does not have any interest in competing business with our Group.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the matters described above and the following factors, we believe that our Group is capable of carrying on its business independently of our Controlling Shareholders and their respective associates after the Global Offering.

Management Independence

Our Board comprises four executive Directors, one non-executive Director and three independent non-executive Directors.

Although four of our Directors are also directors of CEC Outfitters, each of our Directors is aware of his or her fiduciary duties as a Director of our Company which require, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. In addition, we have an independent senior management team to carry out the business decisions of our Group independently.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from the Controlling Shareholders after the Global Offering.

Operational Independence

We have established our own set of organisational structure made up of individual departments, each with specific areas of responsibilities. Our Group has independent access to sources of supplies or raw materials for production as well as customers. Our Group is the licensee/owner of the brands/trademarks. Our Group has self-owned manufacturing facilities and does not lease any property from any of the Controlling Shareholders. We have also established a set of internal controls to facilitate the effective operation of our business.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. Our Directors confirm that, other than a shareholder's loan due to CEC Outfitters in the amount of approximately RMB124.8 million as at the Latest Practicable Date which will be repaid as soon as practicable after the Listing, there is no financial dependence on our Controlling Shareholders.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS AND SENIOR MANAGEMENT

| Name | Age | Position | Date of Appointment | Key Role |
|----------------------------------|-----|--|---------------------|--|
| Mr. LO Peter (路嘉星先生) | 55 | Chairman and Executive Director | 10 March 2011 | Overall strategic planning and brand selection and sourcing |
| Mr. ZHANG Yongli (張永力先生) | 51 | Chief Executive Officer and Executive Director | 8 June 2011 | Overall strategic planning and management of business operations |
| Mr. SUN David Lee (孫如暉先生) | 45 | Executive Director | 8 June 2011 | Brands sourcing and transaction management |
| Ms. HUANG Xiao Yun (黃曉雲女士) | 40 | Executive Director | 8 June 2011 | Financial reporting and administration of our Group's PRC operations |
| Mr. LI Guoqiang (李國強先生) | 41 | Non-executive Director | 8 June 2011 | Overseeing our Group's management and strategic development |
| Mr. KWONG Wilson Wai Sun (鄺偉信先生) | 45 | Independent Non-executive Director | 8 June 2011 | Overseeing our Group's management and strategic development |
| Mr. CUI Yi (崔義先生) | 56 | Independent Non-executive Director | 8 June 2011 | Overseeing our Group's management and strategic development |
| Mr. YEUNG Chi Wai (楊志偉先生) | 50 | Independent Non-executive Director | 8 June 2011 | Overseeing our Group's management and strategic development |
| Mr. MAK Yue Ping (麥裕平先生) | 32 | Chief Financial Officer and Company Secretary | 8 June 2011 | Financial reporting and financial strategies planning |
| Mr. WANG Hai (王海先生) | 45 | Vice President | 8 June 2011 | Overall sales strategies alignment, product management and enterprise resources management |
| Mr. WANG Jianshang (王建尚先生) | 38 | Chief Operation Officer | 8 June 2011 | Sales strategies planning and sales activities |
| Mr. LU Yi (呂毅先生) | 32 | Chief Human Resource Officer and Regional Sales Controller | 8 June 2011 | Management of licensed brands, overall business administration, business development planning and management of retail sales |
| Mr. YAN Zhong (閆仲先生) | 41 | Regional Sales Controller | 8 June 2011 | Business development planning and management of retail sales |

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

| Name | Age | Position | Date of Appointment | Key Role |
|---------------------------|-----|---|---------------------|--|
| Mr. LI Zhujun (李祝軍先生) | 37 | Chief Marketing Officer | 8 June 2011 | Assessment of the authorisation of third-party retailers and maintenance of business and strategic relationships |
| Mr. WONG Hon Wing (王漢嶸先生) | 42 | Chief Procurement Officer - Fashion | 8 June 2011 | Purchase planning and manufacturing |
| Mr. LIU Wenbo (劉文波先生) | 47 | Chief Procurement Officer - Accessories | 8 June 2011 | Purchase planning and manufacturing |

DIRECTORS

Executive Directors

Mr. LO Peter (路嘉星先生), aged 55, is the Chairman and an executive director of our Company. He also serves as a director in a number of our subsidiaries. Mr. Lo joined our Group in 2006 and is primarily responsible for our Group's overall strategic planning and brand selection and sourcing. He is also the chairman and an executive director of Bio-Dynamic Group Limited, a company listed on the Main Board of the Stock Exchange. Mr. Lo is also a director of China Enterprise Capital Limited, an independent non-executive director of Ajisen (China) Holdings Limited and Uni-President China Holdings Ltd., companies currently listed on the Main Board of the Stock Exchange. Mr. Lo was the independent non-executive director of Lonking Holdings Limited from February 2005 to May 2008. He was the chief executive officer and executive director of Harbin Brewery Group Limited, a company formerly listed on the Main Board of the Stock Exchange until 2004. Mr. Lo received a Bachelor of Science (Economics) degree in Mathematical Economics and Econometrics from the London School of Economics and Political Science in 1982. He received the "Director of the Year 2004" award from The Hong Kong Institute of Directors. Mr. Lo is a member of the People's Consultative Conference of Harbin City. He was appointed as our Chairman and executive director on 10 March 2011.

Mr. ZHANG Yongli (張永力先生), aged 51, is the Chief Executive Officer and an executive director of our Company. Mr. Zhang joined our Group in 1999 and is primarily responsible for our Group's overall strategic planning and the management of our Group's business operations. He also serves as a director in almost all of our subsidiaries. Mr. Zhang has over 10 years of experience in the PRC menswear industry. Mr. Zhang is the brother of one of our Controlling Shareholders, Mr. Zhang Bruce Yongfu. He was appointed as our Chief Executive Officer and executive director on 8 June 2011. Mr. Zhang was a director of Guangdong Rieys until May 2009.

Mr. SUN David Lee (孫如暉先生), aged 45, is an executive director of our Company. He joined our Group in 2006 and serves as a director in a number of our subsidiaries. Mr. Sun is primarily responsible for brands sourcing and transaction management. He has been an executive director of Bio-Dynamic Group Limited, a company listed on the Main Board of the Stock Exchange, since May 2005. He is also an executive director of Asia Coal Limited, a company currently listed on the Main Board of the Stock Exchange. He was the managing director of Pacific Alliance Group Limited, an Asia-focused alternative investment management firm. Mr. Sun was the director for strategy and business development Asia at Interbrew (currently known as Anheuser-Busch InBev). He was also a

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

consultant in the corporate finance and strategy practice of McKinsey & Company, Inc. in Hong Kong. Prior to his position at McKinsey, Mr. Sun practised law as an associate in the corporate group at Linklaters. Mr. Sun holds a Juris Doctor from the University of Illinois College of Law. He is a registered attorney in Illinois of the U.S. Mr. Sun was appointed as our executive director on 8 June 2011.

Ms. HUANG Xiao Yun (黃曉雲女士), aged 40, is an executive director of our Company. Ms. Huang joined our Group in 2000. Previously, she was a manager in our Group's financial department from 2000 to 2001. She is responsible for the financial reporting and administration of our Group's PRC operations. She has over 10 years of experience in accounting and financial management. Ms. Huang holds a Master of Business Administration Degree from The South China University of Technology. Ms. Huang was appointed as our executive director on 8 June 2011.

Non-executive Director

Mr. LI Guoqiang (李國強先生), aged 41, is a non-executive director of our Company. Mr. Li is a member of the China Institute of Certified Public Accountant. Mr. Li is the holder of a Ph.D in business administration granted by the Macau University of Science and Technology in 2009. Mr. Li is a director, deputy manager and chief financial officer of 深圳相控科技有限公司 (Shenzhen PhasCon Technologies Limited). Mr. Li has extensive experience in accounting, property valuation and business administration. Mr. Li was an auditor with Arthur Andersen Huaqiang CPA and 深圳中審會計師事務所 (Shenzhen Zhongshen Certified Accountant*). Mr. Li also acted as the chief financial officer and vice president of Guangdong Rieys until 2006 and 2009, respectively. Mr. Li was appointed as our non-executive director on 8 June 2011.

Independent non-executive Directors

Mr. KWONG Wilson Wai Sun (鄺偉信先生), aged 45, is an independent non-executive director of our Company. He is the President of Gushan Environmental Energy Limited, one of China's leading biodiesel producers which is listed on the New York Stock Exchange. Mr. Kwong has 12 years of experience in corporate finance and equity capital markets in Asia, having previously worked at a number of investment banks in Hong Kong. Prior to joining Gushan Environmental Energy Limited in 2006, he was the managing director of investment banking and he held the position as the head of Hong Kong and China equity capital markets at CLSA Equity Capital Markets Limited since March 2004. From 2002 to 2003, Mr. Kwong was a director and the head of equity capital markets for Cazenove Asia Limited. After graduating from University of Cambridge, England with a Bachelor's degree in 1987, he qualified as a chartered accountant in the United Kingdom with KPMG in 1990 and as a chartered secretary and administrator in the United Kingdom in 1991. Mr. Kwong is currently an associate member of the Institute of Chartered Accountant in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Chartered Secretaries. Mr. Kwong confirmed that he did not provide any professional services to the Group during the Track Record Period.

Mr. CUI Yi (崔義先生), aged 56, is an independent non-executive director of our Company. He is the founder and director of PMC China Trading Company Limited (合力洋行(中國)有限公司), and was responsible for managing the authorised dealership of glass tube products under a German brand in the PRC and Hong Kong. Mr. Cui is also the director of Jescove Company Limited (宏銀有限公司). He has also been acting as the executive director and deputy general manager of Hong Kong

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Zhanyou Company Limited (香港湛佑有限公司) since 1993 and responsible for the preparation and establishment of ZIP Comayagus, S.A., a textile industrial complex, in Honduras, Central America. From 1995 to 1998, Mr. Cui was the executive director and executive general manager of the companies of ZIP Comayagua S.A., responsible for management of the textile industrial complex. From 1990 to 1991, he was the assistant general manager of Textile Development Company (上海紡織住宅開發總公司) under the Shanghai Textile Industry Council (上海紡織工業局), and he was the deputy general manager of Hainan Shenhai Enterprise Group (海南申海企業集團) under the same council in 1991, responsible for the trading of textile products and the development of overseas markets for textile products. Mr. Cui graduated from The East China University of Political Science and Law majoring in law. Mr. Cui confirmed that he did not provide any professional services to the Group during the Track Record Period.

Mr. YEUNG Chi Wai (楊志偉先生), aged 50, is an independent non-executive director of our Company. Mr. Yeung is the founder and director of Edwin Yeung & Company (CPA) Limited and has been practising as a certified public accountant with the firm since 1991. He has been an associate of the Chartered Association of Certified Accountants since 1988. Mr. Yeung became an associate member and a fellow member of the Hong Kong Institute of Certified Public Accountants in 1989 and 1996, respectively. He is also a member of the Disciplinary Panel of the Hong Kong Institute of Certified Public Accounts. Mr. Yeung has been a fellow member of the Association of Chartered Certified Accountants since 1993, an associate of the Institute of Chartered Accountants in England and Wales since 2005 and a Fellow Member of CPA Australia since 2010. He was awarded the Medal of Honour by the Hong Kong SAR Government in 2010. He was also the president of the Society of Chinese Accountants and Auditors in 2008. Mr. Yeung confirmed that he did not provide any professional services to the Group during the Track Record Period.

Save as disclosed above, there are no other matters concerning the appointment of our Directors that need to be brought to the attention of our Shareholders and the Stock Exchange and there are no other matters which shall be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

Mr. MAK Yue Ping (麥裕平先生), aged 32, is the Chief Financial Officer and Company Secretary of our Company. He is a fellow member of The Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He has over 10 years of experience in auditing and accounting experience. Prior to joining our Group, he was the internal audit manager of Bio-Dynamic Group Limited, a company listed on the Main Board of the Stock Exchange, from June 2006. Before working in Bio-Dynamic Group Limited, he had worked in Arrow Asia Pac Ltd, a subsidiary of Arrow Electronics in the U.S., which is one of the leading electronics distributors in the world and listed on the New York Stock Exchange, responsible for the products and cost accounting function and the Sarbanes-Oxley compliance for Asia Pacific. Between 2000 and 2004, he worked in the assurance and advisory services department and business risk services department of Ernst & Young after receiving a Bachelor of Business Administration degree in Accountancy from the City University of Hong Kong in 2000. He is responsible for the overall financial strategic planning and financial reporting of our Group and ensuring our Group's compliance with statutory and regulatory requirements.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. WANG Hai (王海先生), aged 45, is a Vice President of our Company. He joined our Group in 1999. Previously, he held the positions of Vice General Manager for Southern Region in 1999, General Manager for Southern Region from 1999 to 2001 and Sales Controller of our Group from 2001 to 2008. He is responsible for the overall sales strategies alignment, product management and enterprise resources management of our Group. He has over 10 years of experience in the apparel industry.

Mr. WANG Jianshang (王建尚先生), aged 38, is the Chief Operation Officer of our Company. He joined our Group in 1999. Previously, he was the Administrative Officer for Southern Region from 1999 to 2000 and Administrative Manager and Sales Manager for Southern Region of our Group from 2000 to 2001. He is primarily responsible for sales strategies planning and sales activities of the Group in the PRC. He has over 10 years of experience in the apparel industry.

Mr. LU Yi (呂毅先生), aged 32, is the Chief Human Resource Officer and Regional Sales Controller of our Company. He joined our Group in 2000. Previously, he was Manager of the President's Office from 2003 to 2004 and the assistant to Chief Human Resource Officer of our Group in 2005. He is responsible for management of licensed brands and the overall business administration of our Group, including the human resources and information management as well as business development planning and management of retail sales. From 2008, he also served as the general manager of one of our Group's subsidiaries, Shanghai Bolderway Fashion Company Ltd., responsible for all the sales activities of Southern PRC.

Mr. YAN Zhong (閆仲先生), aged 41, is our Regional Sales Controller of our Company. Mr. Yan joined our Group in 1999. Previously, he was the Manager for Northern Region in 1999 and Deputy General Manager for Northern Region of our Group in 2000. He is primarily responsible for the Group's business development planning and management of retail sales. He has over 10 years of experience in the apparel retail industry. Mr. Yan is the holder of a Bachelor's Degree from 中國青年政治學院 (China Youth University for Political Sciences).

Mr. LI Zhujun (李祝軍先生), aged 37, is the Chief Marketing Officer of our Company. Mr. Li joined our Group in 1999. Previously, he was the Marketing Manager for Southern Region of our Group from 2001 to 2006. He is responsible for the assessment of the authorisation of third-party retailers of our Group in the PRC and maintaining our business and strategic relationships with them. He has over 10 years of experience in the apparel industry.

Mr. WONG Hon Wing (王漢嶸先生), aged 42, is the Chief Procurement Officer - Fashion of our Company. He joined our Group in 1999. Previously, he was the Procurement Manager of our Group in 1999. He is responsible for the purchase planning and manufacturing functions of the Group. He has over 20 years of experience in the purchase and production of apparels.

Mr. LIU Wenbo (劉文波先生), aged 47, is the Chief Procurement Officer - Accessories of our Company. Previously, he was the Procurement Manager from 1999 to 2000, Vice General Manager for Southern Region from 2000 to 2001, General Manager for Southern Region from 2001 to 2003 and Chief Human Resource Officer of our Group from 2004 to 2005. He is responsible for purchase planning and manufacturing of accessories for our Group. Mr. Liu holds a doctor's degree from the Shanghai International Studies University.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

COMPANY SECRETARY

Mak Yue Ping, aged 32, is the company secretary of our Company. His biographical details are set out above under the paragraph headed “Senior Management”.

OUR GROUP’S RELATIONSHIP WITH EMPLOYEES

We recognise the importance of a good relationship with our employees. The remuneration payable to our employees includes salaries, bonuses and allowances. We continue to provide training to our staff to enhance technical and product knowledge as well as knowledge of industry quality standards and work place safety standards.

Our Group offers our staff competitive remuneration packages. Our Group’s remuneration policies are formulated based on qualifications and years of experience of individual employees and are reviewed regularly. Subject to our Group’s profitability, our Group may also provide a discretionary bonus to our employees as an incentive for their contribution to our Group. The primary goal of the remuneration policy with regard to the remuneration packages of our Group’s executive directors is to enable our Group to retain and motivate executive directors by linking their compensation with performance as measured against corporate objectives achieved. The principal elements of our executive Directors remuneration packages include basic salaries, discretionary bonuses and housing benefits.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, Directors for the year ending 31 December 2011 will be approximately RMB6 million.

We have not experienced any significant problems with our employees or disruption to our operations due to labour disputes, nor have we experienced any difficulties in the recruitment and retention of experienced staff. Our Directors believe that we have a good working relationship with our employees.

BOARD COMMITTEES

Audit Committee

Our Company established an audit committee pursuant to a resolution of our Directors passed on 8 June 2011 in compliance with Rule 3.21 of the Listing Rules. The primary duties of the audit committee are mainly to make recommendation to the Board on the appointment and removal of external auditors; review the financial statements and material advice in respect of financial reporting; and oversee the internal control procedures of our Company. At present, the audit committee of our Company consists of three members who are Kwong Wilson Wai Sun, Cui Yi and Yeung Chi Wai. Kwong Wilson Wai Sun is the chairman of the audit committee.

Remuneration Committee

Our Company established a remuneration committee on 8 June 2011 with written terms of reference. The primary duties of the remuneration committee are mainly to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

management of our Group; review performance-based remuneration; and ensure none of our Directors is involved in determining his own remuneration. The remuneration committee consists of three members, namely Kwong Wilson Wai Sun, Cui Yi and Zhang Yongli. Zhang Yongli is the chairman of the remuneration committee.

Nomination Committee

Our Company established a nomination committee on 8 June 2011. The nomination committee consists of three members, comprising Kwong Wilson Wai Sun, Yeung Chi Wai and Lo Peter. Lo Peter is the chairman of the nomination committee. The primary function of the nomination committee is to make recommendation to the Board regarding candidates to fill vacancies on the Board.

COMPLIANCE ADVISER

Our Company has appointed Huntington Asia Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company on the following matters:

- (i) the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- (iii) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- (iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distributes our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

SUBSTANTIAL AND SELLING SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

Each of the following persons will, immediately following completion of the Global Offering and the Capitalisation Issue (without taking into account Shares which may be issued upon the exercise of the Over-allotment Option, the Pre-IPO Share Option Scheme or the Share Option Scheme), have an interest or short position in Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

| Name | Capacity/Nature of interest | Number of Shares | Approximate percentage of shareholding |
|---|-----------------------------|------------------|--|
| CEC Outfitters | Beneficial Interest | 1,868,100,000 | 50.13% |
| CEC Menswear BVI ⁽¹⁾ | Corporate Interest | 1,868,100,000 | 50.13% |
| Vinglory ⁽²⁾ | Corporate Interest | 1,868,100,000 | 50.13% |
| China Enterprise Capital ⁽³⁾ | Corporate Interest | 1,868,100,000 | 50.13% |
| Mr. Zhang Bruce Yongfu ⁽⁴⁾ | Corporate Interest | 1,868,100,000 | 50.13% |
| Orchid I | Beneficial Interest | 495,990,000 | 13.31% |

Notes:

- (1) CEC Menswear BVI is the holder of 57.58% of the issued shares of CEC Outfitters.
- (2) Vinglory is the holder of 42.42% of the issued shares of CEC Outfitters.
- (3) China Enterprise Capital is the holder of the entire issued share capital of CEC Menswear BVI. As at 3 June 2011, there were in total 103 shareholders registered on the register of members of China Enterprise Capital. Of the top ten shareholders of China Enterprise Capital, the largest shareholder was a financial institutional investor (a fully regulated Luxembourg based investment fund specialised in opportunistic investments in public listed and non-public listed securities) which held approximately 19.7% shareholding interest in China Enterprise Capital and the other shareholders were trust and foundation investors or individual investors, each of which held a shareholding interest of less than 5% in China Enterprise Capital.
- (4) Mr. Zhang Bruce Yongfu is the holder of the entire issued share capital of Vinglory.

Save as disclosed herein, the Directors are not aware of any person who will, immediately following the Global Offering and the Capitalisation Issue (without taking into account Shares which may be issued upon the exercise of the Over-allotment Option, the options granted under the Pre-IPO Share Option Scheme and the options which may be granted under the Share Option Scheme), have an interest or short position in Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

Information regarding China Enterprise Capital

China Enterprise Capital is an investment holding company incorporated in the BVI and part of an independent private equity fund investing in the China domestic market with a portfolio of selective direct investments through shareholdings in companies that principally engaged in, among other things, the production and distribution of ethanol, the distribution and retail sales of alcoholic beverages, manufacturing of feed ingredients and coal mining in the PRC. The major beneficial shareholders of China Enterprise Capital include high net worth individuals and endowment funds.

SUBSTANTIAL AND SELLING SHAREHOLDERS

None of the shareholders of China Enterprise Capital holds an interest of more than 30% in the capital of China Enterprise Capital or is entitled, whether under its articles of association or any other agreement, to appoint any director onto the board of directors of China Enterprise Capital. The largest shareholding interest in China Enterprise Capital held by any single shareholder since the commencement of the Track Record Period was 19.7% and no board nominee has been appointed by the single largest shareholder (nor by any other shareholder) in China Enterprise Capital. Other than Mr. Lo Peter and Mr. Sun David Lee, two of our executive directors who each beneficially owns a less than 0.1% shareholding interest in China Enterprise Capital, none of our Directors or the substantial shareholders of the Company holds any legal or beneficial interest in the shares of China Enterprise Capital. The day-to-day business and affairs of China Enterprise Capital is managed by its fund manager, CEC Management Limited, pursuant to a management agreement entered into in February 2004. The board members and composition of the board of directors of China Enterprise Capital as at the Latest Practicable Date are identical to those when it was formed in 2004. Mr. Lo Peter, a director of China Enterprise Capital, is also a Director of our Company, CEC Menswear BVI, CEC Outfitters, Doright Group Limited, CEC Menswear HK, Faith Enterprise, Sky Trend, Shinemax, London Fog (China), Shanghai Doright, Dezhou Sino-Union and London Fog Shanghai.

SELLING SHAREHOLDERS

The particulars of the Selling Shareholders are set out below:

| Name | Address | Number of Sale Shares |
|-----------------------------|---|--------------------------|
| CEC Outfitters | P.O. Box 957 Offshore Incorporations Centre Road Town, Tortola BVI | 111,900,000 |
| ICL London Fog | 12/F, Novel Industrial Building 850-870 Lai Chi Kok Road Cheung Sha Wan Kowloon Hong Kong | 33,480,000 |
| Iconix Investments. | P.O. Box 957 Offshore Incorporations Centre Road Town, Tortola BVI | 6,420,000 |

SHARE CAPITAL

The authorised and issued share capital of our Company is as follows:

| <u>Number of Shares comprised in the authorised share capital</u> | <u>Authorised share capital: (HK\$)</u> |
|---|---|
| <u>1,000,000,000,000</u> Shares | <u>100,000,000,000</u> |

Assuming the Over-allotment Option is not exercised at all, our Company's issued share capital immediately following the Capitalisation Issue and the Global Offering will be as follows:

| <u>Issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalisation Issue and the Global Offering</u> | <u>Nominal value (HK\$)</u> |
|--|---------------------------------|
| 98,225 Shares in issue as at the date of this prospectus | 9,822.50 |
| 2,946,651,775 Shares to be issued under the Capitalisation Issue | 294,665,177.50 |
| <u>780,000,000</u> Shares to be issued under the Global Offering | <u>78,000,000.00</u> |
| <u>3,726,750,000</u> Shares in total | <u>372,675,000.00</u> |

Assuming the Over-allotment Option is exercised in full, our Company's issued share capital immediately following the Capitalisation Issue and the Global Offering will be as follows:

| <u>Issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalisation Issue and the Global Offering:</u> | <u>Nominal value (HK\$)</u> |
|---|---------------------------------|
| 98,225 Shares in issue as at the date of this prospectus | 9,822.50 |
| 2,946,651,775 Shares to be issued under the Capitalisation Issue | 294,665,177.50 |
| 919,770,000 Shares to be issued under the Global Offering and the Over-allotment Option | 91,977,000.00 |
| <u>3,866,520,000</u> Shares in total | <u>386,652,000.00</u> |

Ranking

The Offer Shares are ordinary shares in the share capital of our Company and will rank pari passu in all respects with all Shares in issue and/or to be issued as set out in the above table, and will qualify for all dividends or other distributions declared, made or paid after the date of this prospectus, save for the entitlement under the Capitalisation Issue.

Capitalisation Issue

Pursuant to the "Written resolutions of our sole Shareholder passed on 8 June 2011" in Appendix VI of this prospectus, subject to the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of Offer Shares pursuant to the Global Offering, our Directors are authorised to allot and issue a total of 2,946,651,775 Shares credited as fully paid at par to the holder of Shares on the register of members of our Company in proportion to their respective shareholdings by way of capitalisation of the sum of HK\$294,665,177.50 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued Shares.

SHARE CAPITAL

General Mandate to Issue Shares

Our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with an aggregate nominal value of not more than the sum of:

- (i) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue (excluding any Shares which may fall to be issued pursuant to the Over-allotment Option); and
- (ii) the aggregate nominal value of share capital of our Company repurchased by our Company (if any) under the “General mandate to repurchase Shares” referred to below.

This mandate will expire at the earliest of:

- (i) the conclusion of our Company’s next annual general meeting; or
- (ii) the expiration of the period within which our Company is required by law or the Articles of Association to hold its next annual general meeting; or
- (iii) when varied, revoked or renewed by an ordinary resolution of our Company’s Shareholders in a general meeting.

For further details of this general mandate, see the paragraph headed “Written resolutions of our sole Shareholder passed on 8 June 2011” in Appendix VI to this prospectus.

General Mandate to Repurchase Shares

Our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the aggregate nominal amount of the share capital of our Company in issue or to be issued immediately following completion of the Global Offering and the Capitalisation Issue (excluding any Shares which may fall to be issued upon the exercise of the Over-allotment Option).

This mandate only relates to repurchases made on the Stock Exchange, or any other approved stock exchange(s) on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and/or requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed “Repurchase of our Shares” in Appendix VI to this prospectus.

This mandate will expire at the earliest of:

- (i) the conclusion of our Company’s next annual general meeting; or
- (ii) the expiration of the period within which our Company is required by law or Articles of Association to hold its next annual general meeting; or
- (iii) when varied, revoked or renewed by an ordinary resolution of our Company’s Shareholders in a general meeting.

For further details of this repurchase mandate, see the paragraph headed “Written resolutions of our sole Shareholder passed on 8 June 2011” in Appendix VI to this prospectus.

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You should read the following discussion and analysis together with our combined audited financial statements and the notes thereto as at and for the years ended 31 December 2008, 2009 and 2010 included in the Accountants' Report set out in Appendix I to this prospectus. The Accountants' Report has been prepared in accordance with IFRSs. The following discussion and analysis contains certain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. Please see the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are a fast-growing apparel design, manufacturing, marketing and sales company in the PRC with a focus on menswear. We offer a wide range of men's casual wear, including smart casual wear, outdoor casual wear, leisure wear and accessories, under several recognised international brands targeted at consumers in the mid-to-high income bracket. We design, manufacture and sell products under the JEEP, SBPRC, Sideout and Hallmark brands under licences, with products under the JEEP and SBPRC brands generating the highest sales during the Track Record Period amongst our brand portfolio. We have acquired the right to use the London Fog brand for apparel products within China and, in 2009, we launched our womenswear series to complement our menswear series under the London Fog brand. We also offer menswear under our self-developed brand Doright and are the authorised retailer of apparel products under the Koyo Jeans brand in China.

We sell our products through an extensive sales network comprising self-operated retail points and retail points operated by third-party retailers located in 227 cities across 31 provinces, autonomous regions and municipalities in China. As at 31 December 2010, our sales network included a total of 393 self-operated retail points, comprising mostly concession counters as well as consignment stores and self-operated stores, in major cities in the PRC, such as Beijing, Shanghai, Chengdu and Shenzhen, and 493 retail points operated by third-party retailers, comprising concession counters and retail stores, in other cities in the PRC, such as Hohhot, Urumqi and Zhengzhou.

We outsource most of our production while having our own production facilities in Dezhou, Shandong Province to manufacture mainly trousers, one of our key products. We believe that our outsourcing arrangement, coupled with our internal production capacity, enables us to maintain cost efficient structure and manufacture flexibility.

We grew rapidly during the Track Record Period. Our revenue increased from RMB505.9 million for the year ended 31 December 2008 to RMB648.9 million for the year ended 31 December 2009, and to RMB910.0 million for the year ended 31 December 2010, representing an increase of approximately 28.3% and 40.2%, respectively. Our net profit also grew significantly over the Track Record Period, from RMB90.8 million in 2008 to RMB148.3 million in 2009, and to RMB263.9 million in 2010, representing an increase of approximately 63.3% and 78.0%, respectively.

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BASIS OF PRESENTATION

Our business has been primarily conducted through our PRC Operating Subsidiaries since 1999. In 2006, CEC Outfitters acquired a controlling interest in our PRC Operating Subsidiaries. The acquisition of such controlling interest in 2006 was accounted for using the purchase method of accounting, which involves allocating the cost of the acquisition to the fair value of the identifiable assets acquired and liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the consideration paid, plus costs directly attributable to the acquisition. Under the purchase method of accounting, the results of our PRC Operating Subsidiaries are combined from the date of acquisition.

Following a series of transactions constituting the Corporate Reorganisation in preparation for the Global Offering, including the incorporation of our Company as an exempted company with limited liability under the Cayman Islands laws on 7 March 2011, our Company became the holding company of the subsidiaries now comprising our Group. Please see the section headed “Statutory and General Information — Corporate Reorganisation” in Appendix VI to this prospectus for further details on the Corporate Reorganisation. The Corporate Reorganisation has been accounted for as a business combination under common control using the pooling-of-interests method. As such, the combined statements of comprehensive income, cash flows and changes in equity of our Group throughout the Track Record Period presented in this prospectus include the results and changes in equity and cash flows of all companies now comprising our Group, as if the current structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation or establishment, where this is a shorter period. The pooling-of-interests method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs, as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are combined using the existing book values. No amount is recognised in respect of goodwill or excess of the acquirers’ interest in the net fair value of acquirees’ identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the combination of the controlling party’s interest.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition have been and will continue to be affected by a number of factors, including those set out below.

Levels of per capita disposable income and consumer spending in the PRC

We conduct all of our operations and make all of our sales in the PRC. The PRC has experienced significant economic growth in recent years, achieving a CAGR for nominal GDP of approximately 16.6% from 2005 to 2010 based on data from the National Bureau of Statistics. Economic growth in the PRC helps to drive the level of disposable income and consumer spending, which, in turn, affects the level of demand for our products and our results of operations. According to Euromonitor, per capita annual disposable income of urban households in China, whose occupants make up the primary end consumers for our products, grew from approximately RMB10,493 in 2005 to approximately RMB19,109 in 2010, representing a CAGR of approximately 12.7%. We believe that as disposable income has increased in the PRC, consumer spending has also increased. From 2005 to 2010, total retail sales of consumer goods grew by a CAGR of approximately 18.5%, according to data from Euromonitor. Furthermore, we believe that consumers in the PRC tend to

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spend more on branded lifestyle products as their disposable income increases. Since we focus on branded menswear, we expect that our results of operations will continue to be significantly affected by the level of economic growth and disposable income and consumer spending in the PRC, particularly in urban areas.

Ability to manage existing brands and introduce new brands under our multi-brand strategy

We currently sell our products under several brands. Each of these brands tends to target a defined segment of the PRC apparel market. To facilitate growth, we plan to introduce new brands at various points in the future. Our results of operations are significantly affected by our ability to introduce and develop new brands. Going forward, our ability to continue to attract consumers by offering high-quality apparel products, in particular menswear products, and introducing new brands that target different specifically defined consumer groups will have a direct impact on the pricing and sales of our products.

In addition, we believe that brand acceptance in China tends to be affected by the evolving lifestyle of consumers and prevailing cultural trends. As a result, brands typically have different stages of development, which affect both brand management and performance. When new brands are introduced, lower production volumes result in higher unit costs. Brand performance may stabilise once the brand image is established. Our ability to introduce and manage new brands, in particular when any of our existing brands have come to the end of their life cycle, will significantly affect our results of operations. The SBPRC brand was introduced to the PRC in 2000, and we believe that this brand is currently at a stable stage. The JEEP brand, which symbolises the automotive culture of America and an adventurous outdoor lifestyle, was introduced to the PRC in 2002 when the automotive culture started to become popular in China. This brand is currently at a growing stage. During the Track Record Period, we have benefited from the strong performance of the JEEP and the SBPRC brands. We launched the London Fog brand in 2009 and plan to continue to develop the brand. Going forward, as existing brands grow and mature and new brands are introduced, the growth rate and maturity of existing brands, as well as the market's reaction to our new brands and increased costs associated with establishing such new brands, will continue to affect our results of operations.

Size and performance of our sales network

Our sales network consists of self-operated retail points and the retail points operated by third-party retailers, who buy products from us and resell to retail consumers through retail points operated by them. Our ability to increase sales is directly affected by the number and performance of the retail points operated by us and third-party retailers.

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The following table sets out the number of our self-operated retail points and retail points operated by third-party retailers as at 31 December 2008, 2009 and 2010:

| | As at 31 December | | |
|--|-------------------|------------|------------|
| | 2008 | 2009 | 2010 |
| Self-operated retail points ⁽¹⁾ | 346 | 325 | 393 |
| Retail points operated by third-party retailers ⁽²⁾ | 287 | 338 | 493 |
| Total | 633 | 663 | 886 |

(1) include 16, 21 and 28 consignment stores as at 31 December 2008, 2009 and 2010, respectively.

(2) 125, 150 and 197 third-party retailers operated 287, 338 and 493 retail points in the PRC as at 31 December 2008, 2009 and 2010, respectively. Among such third-party retailers, no single retailer operated more than 5% of the total number of retail points operated by our third-party retailers as at each of such dates.

For further details in respect of our retail point breakdown by brands or by regions, please refer to the section headed “Business — Sales — Our Sales Network”.

During the Track Record Period, the total number of retail points operated by us and third-party retailers increased, and our sales increased accordingly. To further penetrate the markets in the core cities in the PRC where we sell primarily through self-operated retail points, we plan to open more retail points in those cities. In other non-core cities where we sell primarily through retail points operated by third-party retailers or in new markets, we plan to increase the number of retail points operated by third-party retailers to expand our sales network in those areas. Our sales and profit growth will continue to depend on our ability to maintain the current size of the sales network for existing brands and/or to open new retail points to sell products under new brands, our ability to effectively manage our self-operated retail points and supervise those operated by third-party retailers, and the performance of these retail points.

Level of concession fees

As at 31 December 2010, a significant majority portion of our self-operated retail points were located in department stores and shopping malls in major cities in the PRC. We have the right to occupy the designated areas of the department stores or the shopping malls in the form of concession counters and in return, we pay concession fees to the respective department stores or the shopping malls in accordance with our agreement with each of them. Concession agreements with department stores and shopping malls generally have a term of one year. Depending on the negotiated terms of the specific agreement, the concession fees are generally calculated as a fixed percentage of the gross sale proceeds of a concession counter and are payable by us on a monthly basis.

The percentage of concession fees varies from agreement to agreement. Concession fees are the largest component of our selling and distribution costs. For the years ended 31 December 2008, 2009 and 2010, concession fees amounted to RMB100.3 million, RMB122.1 million and RMB156.4 million, respectively, representing approximately 27.4%, 27.8% and 27.3% of our total revenue from self-operated retail points and 19.8%, 18.8% and 17.2% of our total revenue, respectively. The level of the concession fees imposed on us in the future will continue to affect our profitability.

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Cost of outsourced production, raw materials and internal production

We outsource most of our production to third-party manufacturers through either purchasing finished goods from, or paying processing fees to, these third-party manufacturers. Under the former arrangement, we normally require third-party manufacturers to procure raw materials on their own, while under the latter arrangement, we normally supply the third-party manufacturers with raw materials. The largest component of our cost of sales is the cost of outsourced production comprising mainly cost of purchase of finished goods and processing fees. Cost of outsourced production accounted for approximately 56.3%, 67.8% and 64.0% of our cost of sales for the years ended 31 December 2008, 2009 and 2010, respectively. We procure raw materials for our internal production, as well as for third-party manufacturers with whom we have arrangements to pay processing fees and supply raw materials. Cost of raw materials for the years ended 31 December 2008, 2009 and 2010 accounted for approximately 13.6%, 9.5% and 16.2% of our cost of sales for the respective years. Cost of internal production, which consists of direct labour cost and manufacturing overheads, is also a major component of our cost of sales. For the years ended 31 December 2008, 2009 and 2010, cost of internal production represented approximately 4.8%, 1.4% and 2.5% of our cost of sales, respectively.

We generally do not enter into long-term supply agreements with third-party manufacturers and suppliers. We mainly select third-party manufacturers and suppliers based on criteria including quality, lead time and price.

In recent years, the cost of outsourced production, the price of raw materials and the cost of labour have increased due to various factors, including inflation. Our performance in the future will continue to depend on our ability to pass such increases to our end consumers and our ability to find and manage qualified third-party manufacturers and suppliers who can fulfill our needs at commercially acceptable prices. Please refer to the section headed “Risk Factors — Risks Relating to Our Business — Increase in cost of outsourced production, raw materials and labour in the PRC may adversely affect our business and our profitability” in this prospectus for further information.

Seasonality

Our business and operating results are subject to seasonal fluctuations. We generally record higher sales around holiday seasons such as the Chinese Labour Day, the Chinese National Day and the Chinese New Year. In addition, the unit selling prices for our fall and winter apparel are generally higher than those for spring and summer apparel, resulting in generally higher sales in the fall and winter seasons. As a result, comparisons of sales and operating results over any interim periods are not necessarily meaningful and cannot be relied on as indicators of our performance. Changes in the weather patterns may also affect consumer spending behaviour. A warm winter may affect the sales of our winter products, while a cool summer may affect the sales of our summer products. Our sales and inventory levels are therefore affected by the corresponding changes in consumer behaviour due to seasonality effects.

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Relationships with department stores and shopping malls

A significant majority of our self-operated retail points are located within major department stores and shopping malls with well-established customer traffic, as we believe these department stores and shopping malls are primary retail channels for branded lifestyle products marketed to mid-to-high income middle class consumers in China. In addition, we promote our brands mainly through a direct in-store marketing strategy which focuses on in-store product presentation in a stylish, attractive and uniform manner. Securing prime locations for our concession counters within these department stores and shopping malls thus becomes a key factor in attracting our targeted consumers to buy our products.

Our ability to secure prime locations within department stores and shopping malls hinges on our relationships with the department store and shopping mall operators, which in turn are impacted by the perceived popularity and performance of our brands and the demands and sales of our products. We believe our multi-brand strategy can strengthen our relationships with department store and shopping mall operators as our offering of a selection of brands can attract different targeted consumer groups to shop in the department stores and shopping malls, which in turn increases the traffic of the stores and malls. Leveraging our recognised international brands and our established relationships with department store and shopping mall operators, we have more opportunities to secure spaces for our self-operated retail points at strategic locations of major cities in the PRC, which enables us to maximise exposure of our products to a higher volume of targeted consumers, thus contributing to enhanced sales and brand awareness. Our sales and results of operations will continue to be affected by our relationships with department store and shopping mall operators.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The methods, estimates and judgments we use in applying our accounting policies have a significant impact on our financial position and operating results. Some of the accounting policies require us to apply estimates and judgments on matters that are inherently uncertain. The following sections discuss the accounting policies applied in preparing our financial information that we believe are most dependent on the application of these estimates and judgments, and, in addition, certain other accounting policies that we believe are material to an understanding of our financial information.

Inventories

Our inventory provision policy is to state the inventory at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work-in-progress and finished goods, comprise direct material, direct labour and an appropriate portion of overheads. The net realisable value of inventories is based on their estimated selling prices less any estimated costs to be incurred for the disposal of inventory. For inventories under brands other than the JEEP brand, our management believes that (i) the net realisable value of such inventories within one year exceeds its stated cost and thus no provision is necessary, and (ii) the net realisable value of inventories between one to three years is smaller than its stated cost and therefore such inventories are written down to their estimated net realisable values. For inventories under the JEEP brand, our management has decided to write down inventories between one and half years to three years to estimated net realisable values because they believe the JEEP brand is at a high growth stage and warrants a longer inventory write down period. Inventories over three years under all brands including JEEP are fully provided for.

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Such policy reflects our management's judgment, estimates, and past experience with market's responses to our off-season inventories, based on the brands and style of the products we offer, which are primarily casual menswear products that are relatively less susceptible to the frequent changing fashion trends. In addition, we perform specific review of inventories annually to assess the necessity of specific inventory provision. If the actual outcome or expectation in the future is different from our original estimate, such differences will have an impact on the cost of inventories and the write-down charge/write back of inventories in the period in which such estimate is changed.

Useful lives and residual values of property, plant and equipment

In determining the useful life and residual value of an item of property, plant or equipment, we consider various factors such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. We base the estimation of the useful life of the asset on our prior experience with similar assets that are used in a similar way. We may provide for additional depreciation if the estimated useful lives and/or the residual values of the property, plant or equipment are different from the previous estimation. Useful lives and residual values are reviewed at each financial year-end date based on changes in circumstances.

Deferred tax assets

We recognise deferred tax assets for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be used. We exercise judgment to determine the amount of deferred tax assets that can be recognised based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

We had tax losses in the PRC of RMB1.9 million, RMB1.2 million and RMB2.1 million as at 31 December 2008, 2009 and 2010, respectively. Such tax losses will expire in one to five years and can be used to offset against future taxable profit before expiration. We had not recognized deferred tax assets in respect of these losses as they arose in subsidiaries that have been loss-making for some time and it is not probable that these subsidiaries will have taxable profits against which the taxable losses can be utilised.

Impairment of goodwill

Our goodwill arose from the acquisition of the controlling business in our PRC Operating Subsidiaries by CEC Outfitters in 2006 and such goodwill was allocated to the menswear retail cash-generating unit. The carrying amount of our goodwill as at 31 December 2008, 2009 and 2010 remained at RMB70.7 million.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The impairment testing requires an estimation of the value of the cash-generating unit to which the goodwill is allocated. Estimating the value requires us to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

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We applied certain key assumptions on budgeted gross profit margins and discount rates in the calculation of the value of the menswear cash-generating unit for the Track Record Period. Budgeted gross profit margins were based on average values achieved historically, which were adjusted over the budgeted period in accordance with management's expectations for economy and market development. The recoverable amount of goodwill is most sensitive to the discount rates used in the calculation. The discount rate applied to the cash flow projections is 20.4%, which reflected our current market assessment of the risks specific to the menswear unit and was estimated based on a capital asset pricing model. The growth rate we used was 3.0%, which does not exceed the projected long-term average growth rate for menswear business in the PRC. If any of the above key assumptions changes, the recoverable amount may be changed.

Impairment of intangible assets

We test indefinite life intangible assets for impairment annually and at other times when there is an indicator that the carrying amount may not be recoverable. Intangible assets with a finite useful life are tested for impairment where there are such indicators. Impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When values-in-use calculations are undertaken, we estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Our most important intangible assets are trademarks, licensing agreements and retail networks.

We have classified the "London Fog" trademarks as intangible assets with an indefinite life. The carrying amount of the trademarks is not amortised as such rights will contribute to cash flows for an indefinite period. We performed an impairment review of the carrying value of such trademarks as at 31 December 2009 and 2010. The recoverable amount of the "London Fog" trademarks was determined based on a value-in-use calculation using cash flow projections from financial budgets covering a five-year period approved by our senior management. The discount rate applied to the cash flow projections is 25.8%, and cash flows beyond the five-year period were estimated using a growth rate of 3.0%, which does not exceed the projected long-term average growth rate for the relevant industry in the PRC. The carrying amount of our "London Fog" trademarks as at 31 December 2009 and 2010 was RMB69.6 million and RMB67.1 million, respectively.

In connection with the acquisition of the controlling interests in our PRC Operating Subsidiaries by CEC Outfitters in 2006, the licensing agreements for the JEEP, SBPRC and Sideout brands and the relevant retail points were acquired. Since these licensing agreements and the retail points acquired are not traded in an active market, their purchase prices and fair values were determined by making assumptions that are mainly based on market conditions existing at the acquisition date.

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SELECTED FINANCIAL DATA

The following table presents selected financial data relating to our results of operations during the Track Record Period as extracted from the Accountant's Report set out in Appendix I to this prospectus:

Combined Income Statements

| | Year ended 31 December | | |
|--|------------------------|----------------|----------------|
| | 2008 | 2009 | 2010 |
| | RMB million | RMB million | RMB million |
| Revenue | 505.9 | 648.9 | 910.0 |
| Cost of sales | <u>(150.2)</u> | <u>(190.6)</u> | <u>(215.7)</u> |
| Gross profit | 355.7 | 458.3 | 694.3 |
| Other income and gains, net | 10.2 | 14.4 | 15.2 |
| Selling and distribution costs | (198.6) | (230.1) | (284.8) |
| Administrative expenses | (46.9) | (40.7) | (43.4) |
| Other expenses | <u>(2.0)</u> | <u>(3.3)</u> | <u>(11.8)</u> |
| Operating profit | 118.4 | 198.6 | 369.5 |
| Finance income | 1.5 | 3.2 | 5.8 |
| Finance costs | <u>(0.1)</u> | — | — |
| Profit before tax | 119.8 | 201.8 | 375.3 |
| Income tax expense | <u>(29.0)</u> | <u>(53.5)</u> | <u>(111.4)</u> |
| Profit for the year | <u>90.8</u> | <u>148.3</u> | <u>263.9</u> |
| Profit attributable to: | | | |
| Owners of the Company | 80.5 | 150.2 | 262.6 |
| Non-controlling interests | <u>10.3</u> | <u>(1.9)</u> | <u>1.3</u> |
| | <u>90.8</u> | <u>148.3</u> | <u>263.9</u> |

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Combined Statements of Financial Position

| | As at 31 December | | |
|--|-------------------|--------------|--------------|
| | 2008 | 2009 | 2010 |
| | RMB million | RMB million | RMB million |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 68.1 | 74.8 | 82.4 |
| Prepaid land lease payments | 30.9 | 30.2 | 29.5 |
| Investment properties | 1.7 | 5.3 | 5.7 |
| Goodwill | 70.7 | 70.7 | 70.7 |
| Other intangible assets | 32.4 | 82.6 | 71.1 |
| Deferred tax assets | <u>5.1</u> | <u>16.7</u> | <u>23.3</u> |
| Total non-current assets | <u>208.9</u> | <u>280.3</u> | <u>282.7</u> |
| CURRENT ASSETS | | | |
| Inventories | 154.3 | 147.0 | 212.9 |
| Trade and bills receivables | 55.5 | 66.7 | 90.5 |
| Prepayments, deposits and other receivables | 26.8 | 33.8 | 46.4 |
| Pledged bank deposits | 8.4 | 14.7 | 14.8 |
| Cash and cash equivalents | <u>160.0</u> | <u>330.9</u> | <u>607.1</u> |
| Total current assets | <u>405.0</u> | <u>593.1</u> | <u>971.7</u> |
| CURRENT LIABILITIES | | | |
| Trade and bills payables | 24.4 | 28.2 | 49.5 |
| Deposits received, other payables and accruals | 54.8 | 73.2 | 150.1 |
| Amounts due to related parties | 211.5 | 177.7 | 146.3 |
| Tax payable | <u>70.0</u> | <u>119.4</u> | <u>164.7</u> |
| Total current liabilities | <u>360.7</u> | <u>398.5</u> | <u>510.6</u> |
| NET CURRENT ASSETS | <u>44.3</u> | <u>194.6</u> | <u>461.1</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | <u>253.2</u> | <u>474.9</u> | <u>743.8</u> |
| NON-CURRENT LIABILITY | | | |
| Deferred tax liabilities | <u>17.0</u> | <u>14.6</u> | <u>18.4</u> |
| Net assets | <u>236.2</u> | <u>460.3</u> | <u>725.4</u> |
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Issued capital | — | — | — |
| Reserves | <u>231.7</u> | <u>432.5</u> | <u>696.3</u> |
| | <u>231.7</u> | <u>432.5</u> | <u>696.3</u> |
| Non-controlling interests | <u>4.5</u> | <u>27.8</u> | <u>29.1</u> |
| Total equity | <u>236.2</u> | <u>460.3</u> | <u>725.4</u> |

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Financial Ratios

The table below sets forth our major financial ratios during the Track Record Period:

| | At and for the year ended 31 December | | |
|---|---------------------------------------|------|------|
| | 2008 | 2009 | 2010 |
| Current ratio ⁽¹⁾ | 1.12 | 1.49 | 1.90 |
| Quick ratio ⁽²⁾ | 0.69 | 1.12 | 1.49 |
| Return on equity ⁽³⁾ | 35% | 43% | 45% |
| Return on assets ⁽⁴⁾ | 17% | 20% | 25% |

Notes:

- (1) Current ratio is equal to the current assets divided by the current liabilities.
- (2) Quick ratio is equal to the current assets less inventories and divided by the current liabilities.
- (3) Return on equity represents the profit for the year as a percentage of the average total equity. Average total equity equals total equity at the beginning of the year plus total equity at the end of the year and divided by two.
- (4) Return on assets represents the profit for the year as a percentage of average total assets. Average total assets equals total assets at the beginning of the year plus total assets at the end of the year and divided by two.

In line with the growth in our business and the increase in our revenue and profit during the Track Record Period, our major financial ratios had increased year-to-year accordingly during the Track Record Period. The year-to-year increases in current ratio as at 31 December 2008, 2009 and 2010 were primarily due to our increased ending balance in cash and inventory of each year as a result of our increased production and sales, which increased at a faster pace than our current liabilities. Similarly, the year-to-year increases in quick ratio as at 31 December 2008, 2009 and 2010 were primarily due to our increased cash position at the end of each year. Return on equity and return on assets increased year-to-year during each of the three years ended 31 December 2010 primarily due to our increased profitability resulting from the general increase in selling prices of our products and our increased sales.

PRINCIPAL INCOME STATEMENT COMPONENTS

Revenue

We generate revenue from retail sales of our products to our end consumers, in most cases through self-operated retail points in department stores, as well as from sales to third-party retailers. Revenue represents the net value of goods sold, after deduction of value-added taxes and discounts and after elimination of intra-group sales.

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By sales channel

The table below sets forth our revenue breakdown by sales made through our self-operated retail points and sales made by us to third-party retailers for the years indicated:

| | Year ended 31 December | | | | | |
|--|---------------------------|-----------------------|---------------------------|-----------------------|---------------------------|-----------------------|
| | 2008 | | 2009 | | 2010 | |
| | Revenue RMB million | % of total revenue | Revenue RMB million | % of total revenue | Revenue RMB million | % of total revenue |
| Self-operated retail sales | 366.2 | 72.4% | 440.0 | 67.8% | 572.2 | 62.9% |
| Sales to third-party retailers | 139.7 | 27.6% | 208.9 | 32.2% | 337.8 | 37.1% |
| Total | <u>505.9</u> | <u>100%</u> | <u>648.9</u> | <u>100%</u> | <u>910.0</u> | <u>100%</u> |

For the years ended 31 December 2008, 2009 and 2010, approximately 98.1%, 98.8% and 98.8%, respectively, of the Group's revenue generated from self-operated retail points was attributable to sales generated by concession counters.

By brand

During the Track Record Period, substantially all of our revenue was derived from the sales of products under licensed brands. The table below sets forth our revenue by brands for the years indicated:

| | Year ended 31 December | | | | | |
|-----------------------------|---------------------------|-----------------------|---------------------------|-----------------------|---------------------------|-----------------------|
| | 2008 | | 2009 | | 2010 | |
| | Revenue RMB million | % of total revenue | Revenue RMB million | % of total revenue | Revenue RMB million | % of total revenue |
| Licensed brands | 491.4 | 97.1% | 632.6 | 97.5% | 862.7 | 94.8% |
| Self-owned brands | 14.5 | 2.9% | 16.3 | 2.5% | 47.3 | 5.2% |
| Total | <u>505.9</u> | <u>100%</u> | <u>648.9</u> | <u>100%</u> | <u>910.0</u> | <u>100%</u> |

By product category

The table below summarises the sales volume and average selling price by major categories of our products for the years indicated:

| | Year ended 31 December | | | | | | | | | | | |
|-----------------------|--------------------------------|-----------------------------|--|-----------------------------|--------------------------------|-----------------------------|--|-----------------------------|--------------------------------|-----------------------------|--|-----------------------------|
| | 2008 | | | | 2009 | | | | 2010 | | | |
| | Self-operated retail points | | Retail points operated by third party retailers | | Self-operated retail points | | Retail points operated by third party retailers | | Self-operated retail points | | Retail points operated by third party retailers | |
| | Sales volume | Average selling price | Sales volume | Average selling price | Sales volume | Average selling price | Sales volume | Average selling price | Sales volume | Average selling price | Sales volume | Average selling price |
| | (Piece) | (RMB) | (Piece) | (RMB) | (Piece) | (RMB) | (Piece) | (RMB) | (Piece) | (RMB) | (Piece) | (RMB) |
| Tops | 550,918 | 510 | 305,972 | 333 | 582,614 | 555 | 457,903 | 335 | 690,291 | 615 | 700,465 | 367 |
| Bottoms | 199,666 | 389 | 109,313 | 258 | 215,703 | 440 | 158,527 | 291 | 222,037 | 500 | 217,061 | 320 |
| Accessories | 102,317 | 170 | 43,557 | 72 | 118,642 | 248 | 69,770 | 95 | 141,734 | 279 | 130,479 | 75 |
| | <u>852,901</u> | <u>441</u> | <u>458,842</u> | <u>290</u> | <u>916,959</u> | <u>488</u> | <u>686,200</u> | <u>300</u> | <u>1,054,062</u> | <u>545</u> | <u>1,048,005</u> | <u>321</u> |

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Cost of sales

Cost of sales consists primarily of cost of outsourced production, cost of internal production, cost of raw materials, and inventory provision. We outsource a large portion of our production to third-party manufacturers, and the cost of our outsourced production primarily includes purchase of finished goods and payment of processing fees. Because we outsource the production of most of our products, cost of outsourced production accounted for more than 50% of the cost of sales throughout the Track Record Period. Cost of our internal production consists mainly of direct labour and manufacturing overheads. Cost of raw materials includes raw materials we procure for our internal production and for third-party manufacturers to whom we pay processing fees. Inventory provision represents provisions and allowances we make for obsolete inventories. It was the second largest item in the cost of sales historically due to our business model, under which our self-operated retail points need to keep a high level of inventory for display and sales.

The following table sets forth further details of our cost of sales for the years indicated:

| Cost of Sales | Year ended 31 December | | | | | |
|---------------------------------------|------------------------|-----------------------|----------------|-----------------------|----------------|-----------------------|
| | 2008 | | 2009 | | 2010 | |
| | RMB million | % of cost of sales | RMB million | % of cost of sales | RMB million | % of cost of sales |
| Cost of outsourced production | 84.5 | 56.3% | 129.2 | 67.8% | 138.1 | 64.0% |
| Cost of internal production | 7.2 | 4.8% | 2.7 | 1.4% | 5.5 | 2.5% |
| Cost of raw materials | 20.5 | 13.6% | 18.2 | 9.5% | 34.9 | 16.2% |
| Inventory provision | 38.0 | 25.3% | 40.5 | 21.3% | 37.2 | 17.3% |
| Total | <u>150.2</u> | <u>100%</u> | <u>190.6</u> | <u>100%</u> | <u>215.7</u> | <u>100%</u> |

Other income and gains

Other income and gains consist primarily of government subsidies, arrangement fees paid by third-party retailers, rental income, sales of consumables and others. Government subsidies relate to incentive subsidies provided by local governments as a measure to attract investment in these localities. The amounts of these subsidies are subject to the government's discretion, but are generally determined by reference to the value-added tax, corporate income tax, city maintenance and construction tax and other taxes paid by our operating entities in these localities. The government subsidies are renewed only at the discretion of the government after review each year. There are no conditions to be fulfilled before entitlement to these subsidies. Arrangement fees paid by third-party retailers represent the one-off charge paid by third-party retailers. Our third-party retailers are normally required to pay such arrangement fees when they first enter into the third-party retailer agreement with us and become our third-party retailers. Such fees are not refundable and are recognised as other income when we receive payment of such fees from our third-party retailers. Rental income represents income from the lease of the investment properties owned by Dezhou Sino-Union to the Independent Third Parties. Sales of consumables are the charges

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on shelves and store consumables we sell to third-party retailers. Others mainly include revenue from sales of obsolete office and production equipment. The table below sets forth the breakdown of our other income and gains for the years indicated:

| | Year ended 31 December | | |
|------------------------------------|------------------------|-------------|-------------|
| | 2008 | 2009 | 2010 |
| | RMB million | RMB million | RMB million |
| Government subsidies | 6.2 | 7.1 | 10.1 |
| Arrangement fees. | 2.0 | 4.3 | 3.4 |
| Rental income, net | — | — | 0.2 |
| Sale of consumables, net | 1.9 | 2.7 | 1.4 |
| Others | 0.1 | 0.3 | 0.1 |
| Total | 10.2 | 14.4 | 15.2 |

Selling and distribution costs

Selling and distribution costs consist primarily of department store concession fees, marketing staff costs, consumables and decoration fees for self-operated retail points, royalty fees to licensors, department store charges, advertising and promotional expenses, freight and vehicle expenses and others.

Concession fees are fees we pay to department stores for the right to occupy the concession counters within the department stores. Such fees amounted to RMB100.3 million, RMB122.1 million and RMB156.4 million for the years ended 31 December 2008, 2009 and 2010, respectively, which represented approximately 50.5%, 53.1% and 54.9% of the total selling and distribution costs in the respective years.

Marketing staff costs are salaries, wages, staff welfare and benefits and pension for our concession personnel and marketing and sales staff.

Consumables and decoration fees for retail points are expenses for providing in-store decorations and furnishings for our self-operated retail points to ensure that the store displays are in uniform style.

The royalty fees are fees we pay to licensors for the use of the licensed brands, and they are generally calculated and paid semi-annually either as a fixed amount or as a percentage of our sales of the products under the licensed brands determined at wholesale price.

Department store charges are incurred mainly for in-store marketing and promotional activities organised by department stores.

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The following table sets forth the breakdown of our selling and distribution costs for the years indicated:

| | Year ended 31 December | | |
|--|------------------------|--------------|--------------|
| | 2008 | 2009 | 2010 |
| | RMB million | RMB million | RMB million |
| Concession fees | 100.3 | 122.1 | 156.4 |
| Marketing staff costs | 22.6 | 27.7 | 32.1 |
| Consumables and decoration fees | 17.5 | 17.1 | 21.9 |
| Royalty fees | 14.7 | 16.0 | 18.4 |
| Department stores charges | 13.5 | 15.6 | 19.6 |
| Advertising and promotion expenses | 5.4 | 5.3 | 6.0 |
| Freight and vehicle expenses | 4.8 | 4.6 | 5.0 |
| Others | 19.8 | 21.7 | 25.4 |
| Total | 198.6 | 230.1 | 284.8 |

Administrative expenses

Administrative expenses consist primarily of depreciation and amortisation, operation expenses, costs and welfare expenses for our administrative staff and senior management, and others.

Depreciation and amortisation consists primarily of amortisation of intangible assets, which are licensing agreements and retail networks, the value of which was recognized as a result of our acquisition of the controlling interest in the PRC Operating Subsidiaries in 2006.

Operation expenses consist primarily of (i) expenses of operational expense such as office expenses, transportation expenses and telephone expenses, (ii) bank charges, and (iii) low value consumables.

Administrative staff costs include wages, salaries and welfare expenses for our administrative staff and senior management. In 2010, we accrued a performance bonus of RMB16.6 million for our senior management and directors' remuneration.

Others consist primarily of our radio frequency identification (RFID) supply chain system and other expenses.

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The following table sets forth the breakdown of our administrative expenses for the years indicated:

| | Year ended 31 December | | |
|---|------------------------|-------------|-------------|
| | 2008 | 2009 | 2010 |
| | RMB million | RMB million | RMB million |
| Depreciation and amortisation | 31.8 | 24.6 | 10.7 |
| Operation expenses | 7.0 | 6.2 | 6.8 |
| Administrative staff costs | 4.8 | 5.0 | 22.5 |
| Others | 3.3 | 4.9 | 3.4 |
| Total | <u>46.9</u> | <u>40.7</u> | <u>43.4</u> |

Other expenses

Other expenses consist of impairment of certain of our assets and listing expenses. To prepare for the Listing, we incurred listing expenses of RMB4.1 million and RMB7.3 million in 2009 and 2010, respectively.

Finance Income

Our finance income mainly consists of interest income on bank deposits.

Finance costs

Finance costs mainly consist of interest on bank borrowings.

Income tax expense

Our income tax expenses consist primarily of current tax and deferred tax. Current tax primarily comprises PRC corporate income tax assessed on our PRC Operating Subsidiaries. Deferred tax primarily comprises (i) deferred tax assets representing primarily recognised deductible temporary differences arising from impairment of assets and (ii) deferred tax liabilities arising primarily from withholding tax on distributable profits of our PRC Operating Subsidiaries. The applicable withholding tax rate is 5% in accordance with the relevant PRC tax laws and regulations.

We have made provision for the then current income taxes with respect to all of our PRC Operating Subsidiaries during the Track Record Period in accordance with the actual taxation method, despite that certain of our PRC Operating Subsidiaries adopted the deemed basis method to calculate and pay their PRC corporate income taxes during the Track Record Period. In accordance with the authorised tax valuation method (核定徵收) approved by the relevant local tax authorities, certain of our PRC Operating Subsidiaries paid their corporate income taxes on the deemed basis for the years ended 31 December 2008 and 2009, and one of our PRC Operating Subsidiaries, Sichuan Bolderway, paid its corporate income taxes on the deemed basis for the year ended 31 December 2010.

The corporate income tax on the deemed basis was calculated as taxable income multiplied by the statutory tax rate of 25%, and taxable income was determined as the total revenue and other income reported by these subsidiaries multiplied by 4%, which was the taxable profit rate predetermined by the relevant local tax authorities. The corporate income tax reported and paid by these PRC Operating Subsidiaries in 2008, 2009 and 2010 was RMB3.7 million, RMB3.2 million and RMB17,000, respectively. If the actual basis were adopted, the amount of the corporate income tax

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of these relevant PRC Operating Subsidiaries in 2008, 2009 and 2010 would have been RMB34.0 million, RMB38.5 million and nil, respectively. Except for these PRC Operating Subsidiaries in the specified years, our other PRC Operating Subsidiaries paid their income taxes on their assessable profits at the statutory rate of 25% for each of the years ended 31 December 2008, 2009 and 2010 (or in the case of Dezhou Sino-Union, at a preferential tax rate of 12.5% for the years ended 31 December 2008 and 2009) in accordance with the actual taxation method. Please refer to the section headed “— Trade and Other Payables — Tax payables” below for more details on the deemed basis used by certain of our Operating Subsidiaries.

No provision for Hong Kong profit tax on our Hong Kong subsidiaries has been made as we had no assessable profits derived from or earned in Hong Kong during the Track Record Period.

RESULTS OF OPERATIONS

The following table sets forth the summary combined income statements data and the percentage of each item to the combined revenue of our Group for the Track Record Period. We have derived the summary combined income statements from our combined financial statements which have been prepared in accordance with IFRSs as set forth in “Appendix I — Accountants’ Report” to this prospectus.

| Combined Income Statements | Year ended 31 December | | | | | |
|--|------------------------|-----------------|----------------|-----------------|----------------|-----------------|
| | 2008 | | 2009 | | 2010 | |
| | RMB million | % of Revenue | RMB million | % of Revenue | RMB million | % of Revenue |
| Revenue | 505.9 | 100 | 648.9 | 100 | 910.0 | 100 |
| Cost of sales | (150.2) | (29.7) | (190.6) | (29.4) | (215.7) | (23.7) |
| Gross profit | 355.7 | 70.3 | 458.3 | 70.6 | 694.3 | 76.3 |
| Other income and gains, net | 10.2 | 2.0 | 14.4 | 2.2 | 15.2 | 1.7 |
| Selling and distribution costs | (198.6) | (39.3) | (230.1) | (35.5) | (284.8) | (31.3) |
| Administrative expenses | (46.9) | (9.3) | (40.7) | (6.2) | (43.4) | (4.8) |
| Other expenses | (2.0) | (0.4) | (3.3) | (0.5) | (11.8) | (1.3) |
| Finance income | 1.5 | 0.3 | 3.2 | 0.5 | 5.8 | 0.6 |
| Finance costs | (0.1) | — | — | — | — | — |
| Profit before tax | 119.8 | 23.6 | 201.8 | 31.1 | 375.3 | 41.2 |
| Income tax expense | (29.0) | (5.7) | (53.5) | (8.2) | (111.4) | (12.2) |
| Profit for the year | <u>90.8</u> | <u>17.9</u> | <u>148.3</u> | <u>22.9</u> | <u>263.9</u> | <u>29.0</u> |
| Attributable to: | | | | | | |
| Owners of the Company | 80.5 | 15.9 | 150.2 | 23.1 | 262.6 | 28.9 |
| Non-controlling Interests | <u>10.3</u> | <u>2.0</u> | <u>(1.9)</u> | <u>(0.3)</u> | <u>1.3</u> | <u>0.1</u> |
| | <u>90.8</u> | <u>17.9</u> | <u>148.3</u> | <u>22.9</u> | <u>263.9</u> | <u>29.0</u> |

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Year ended 31 December 2010 compared to year ended 31 December 2009

Revenue

Our revenue increased by RMB261.1 million, or approximately 40.2%, from RMB648.9 million in 2009 to RMB910.0 million in 2010. Such increase in revenue was mainly attributable to the increased number of retail points as well as the increase in same-store sales. The number of retail points increased from 663 as at 31 December 2009 to 886 as at 31 December 2010 due to our efforts to continue to expand the geographic coverage of our licensed brands, especially the JEEP brand, and also due to the launch of the London Fog brand. Same-store sales increased due to the general increase in the selling prices of our products as we continued to enhance the brand images of our products and to a certain extent, due to the effect of inflation. The increase in same-store sales was also attributable to the general increase in sales volume at the same stores due to the increased demand for our products.

Cost of sales

Our cost of sales increased by RMB25.1 million, or approximately 13.2%, from RMB190.6 million in 2009 to RMB215.7 million 2010, primarily due to the increase in the cost of outsourced production, and the general increase in labour and raw material cost in China, which was partially offset by a decrease in inventory provision. Cost of outsourced production increased as a result of increased outsourced production volume, which was in line with the growth of our sales. Inventory provision decreased from RMB40.5 million in 2009 to RMB37.2 million in 2010 due to our increased efforts to sell out-of-season items.

Gross profit and gross profit margin

Our gross profit increased by RMB236.0 million, or approximately 51.5%, from RMB458.3 million in 2009 to RMB694.3 million in 2010 as a result of the foregoing factors. Our overall gross profit margin increased from approximately 70.6% in 2009 to 76.3% in 2010 largely due to the general increase in selling prices of our products, decrease in the unit cost of outsourced production as a result of our stronger bargaining power resulting from our large volume orders, and decrease in inventory provision. Without taking into account this inventory provision, our gross profit for 2009 and 2010 was 76.9% and 80.4%, respectively.

Other income and gains

Our other income and gains increased by RMB0.8 million, or approximately 5.6%, from RMB14.4 million in 2009 to RMB15.2 million in 2010, primarily due to the increase in subsidy income from the local government.

Selling and distribution costs

Our selling and distribution costs increased by RMB54.7 million, or approximately 23.8%, from RMB230.1 million in 2009 to RMB284.8 million in 2010 primarily due to the increases in concession fees, marketing staff costs, royalty fees and department store charges, consistent with the growth of our sales and our business expansion.

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Administrative expense

Our administrative expenses increased to RMB43.4 million in 2010 as compared to RMB40.7 million in 2009 primarily due to the increase in administrative staff costs as a result of the accrual of a performance bonus to our senior management and directors' remuneration in 2010, which was partially offset by a decrease in amortisation of licensing agreements as the recognised value of the licence agreement of our SBPRC brand, which arose from the business combination in 2006, was fully amortized in February 2010.

Other expenses

Our other expenses increased from RMB3.3 million 2009 to RMB11.8 million in 2010 due to the increase in listing expenses from RMB4.1 million to RMB7.3 million over the period, and the increase in impairment of certain assets.

Finance income

Our finance income increased to RMB5.8 million in 2010 as compared to RMB3.2 million in 2009 due to the increase in cash and cash equivalents as a result of the increase of our operating profit.

Finance costs

We did not incur any finance costs in 2009 and 2010.

Profit before tax

As a result of the foregoing factors, our profit before tax increased by RMB173.5 million, or 86.0%, from RMB201.8 million in 2009 to RMB375.3 million in 2010.

Income tax expense

Our income tax increased by RMB57.9 million, or approximately 108.2%, from RMB53.5 million in 2009 to RMB111.4 million in 2010 due to the increase of our profit before tax. Our effective tax rate was 26.5% for 2009 as compared to 30.0% for 2010 due to (i) the expiration of preferential tax treatment for Dezhou Sino-Union on 31 December 2009 and (ii) an increase in withholding tax on distributable profits we received from our PRC Operating Subsidiaries as dividends.

Profit for the year

As a result of the foregoing, our profit for the year increased by RMB115.6 million, or 78.0%, from RMB148.3 million in 2009 to RMB263.9 million in 2010.

Profit attributable to owners of our Company

Profit attributable to owners of our Company increased by RMB112.4 million, or approximately 74.8%, from RMB150.2 million in 2009 to RMB262.6 million in 2010.

Year ended 31 December 2009 compared to year ended 31 December 2008

Revenue

Our revenue increased by RMB143.0 million, or approximately 28.3%, from RMB505.9 million in 2008 to RMB648.9 million in 2009. Such increase in revenue was mainly attributable to the increased number of retail points operated by third-party retailers, in particular for the JEEP brand, as well as the increase in same-store sales. The number of retail points increased from 633 as at 31

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December 2008 to 663 as at 31 December 2009 due to our efforts to continue to expand geographic coverage of our licensed brands in smaller cities through retail points operated by third-party retailers, partially offset by a decrease in the number of self-operated retail points due to our business adjustment as described in the section headed “Business — Our Strategies — Continuing to expand our sales network and geographical coverage of retail points” in this prospectus. Same-store sales increased due to our increased efforts to enhance the brand images of our products.

The increase in revenue in 2009 was also partially attributable to the impact of the Sichuan earthquake in 2008, which caused significant damage to a number of less affluent and developing cities and towns in Sichuan, where a number of retail points operated by our third-party retailers were located. To our knowledge, sales at these retail points dropped materially during 2008, which in turn resulted in reduced sales by us to our third-party retailers located in these cities.

Cost of sales

Our cost of sales increased by RMB40.4 million, or approximately 26.9%, from RMB150.2 million in 2008 to RMB190.6 million in 2009. Such increase in the cost of sales was due to the increase in the cost of outsourced production, which was partially offset by the decrease in the cost of internal production and cost of raw materials, as we strategically increased the volume of outsourced production and reduced the volume of internal production.

Gross profit and gross profit margin

Our gross profit increased by RMB102.6 million, or approximately 28.8%, from RMB355.7 million in 2008 to RMB458.3 million in 2009 as a result of the foregoing factors. Our overall gross profit margin was approximately 70.3% in 2008 and 70.6% in 2009. Without taking into account our inventory provision, our gross profit for 2008 and 2009 was 77.8% and 76.9%, respectively.

Other income and gains

Our other income and gains increased by RMB4.2 million, or approximately 41.2%, from RMB10.2 million in 2008 to RMB14.4 million in 2009, primarily due to the increase in arrangement fees paid by third-party retailers and sales of consumables as we attracted more third-party retailers.

Selling and distribution costs

Our selling and distribution costs increased by RMB31.5 million, or approximately 15.9%, from RMB198.6 million in 2008 to RMB230.1 million in 2009 primarily due to the increase in concession fees, royalty fees, and department store promotional expenses as a result of our increased sales.

Administrative expenses

Our administrative expenses decreased to RMB40.7 million in 2009 as compared to RMB46.9 million in 2008. The decrease was primarily due to the decrease in amortisation expenses as the recognised value of the licensing agreement of our JEEP brand, which arose from the business combination in 2006, was fully amortised in January 2009.

Other expenses

Other expenses increased to RMB3.3 million in 2009 from RMB2.0 million in 2008, primarily due to the reversal in impairment of trade receivables as a result of the recovery in 2009 of impaired trade receivables from several customers, which was partially offset by the listing expenses we incurred.

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Finance income

Our finance income increased to RMB3.2 million in 2009 as compared to RMB1.5 million in 2008, primarily due to the increase in interest income on bank deposits as a result of the increase in cash and cash equivalents.

Finance costs

Our finance costs decreased from RMB0.1 million in 2008 to nil in 2009, primarily due to the full repayment of bank loans which we borrowed in 2007.

Profit before tax

As a result of the foregoing factors, our profit before tax increased by RMB82.0 million, or 68.4%, from RMB119.8 million in 2008 to RMB201.8 million in 2009.

Income tax expense

Our income tax increased by RMB24.5 million, or approximately 84.5%, from RMB29.0 million in 2008 to RMB53.5 million in 2009 due to the increase in our profit before tax. Our effective tax rate was 24.2% for 2008 as compared to 26.5% for 2009 due to an increase in the withholding tax on our PRC Operating Subsidiaries' distributable profits distributed to us as dividends.

Profit for the year

As a result of the foregoing, our profit for the year increased by RMB57.5 million, or 63.3%, from RMB90.8 million in 2008 to RMB148.3 million in 2009.

Profit attributable to owners of the Company

Profit attributable to owners of the Company increased by RMB69.7 million, or approximately 86.6%, from RMB80.5 million in 2008 to RMB150.2 million in 2009.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

To date, we have funded our operations primarily through proceeds from the sales of our products, capital injections and loans from our controlling shareholders. We had used our internal cash resources to implement the strategies of expanding our sales network and brand portfolio during the Track Record Period, such as:

- obtaining the right to act as authorised retailer of the Koyo Jeans brand in 2008;
- establishing London Fog (China) together with Iconix to acquire and develop the London Fog brand in 2009;
- establishing a factory in Dezhou in 2008; and
- establishing a warehouse in Shanghai in 2009.

As at 31 December 2010, our ending balance of cash was RMB608.7 million. We will further use part of our cash resource, together with the proceeds from the Global Offering, to carry out our various business strategies and expansion as set out in the section headed "Use of Proceeds and Future Plans" of this prospectus.

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The following table sets forth selected cash flow data from our combined statements of cash flows for the Track Record Period, as derived from “Appendix I — Accountants’ Report” to this prospectus:

| | Year ended 31 December | | |
|--|------------------------|-------------|-------------|
| | 2008 | 2009 | 2010 |
| | RMB million | RMB million | RMB million |
| Net cash flows from operating activities | 155.3 | 229.1 | 310.8 |
| Net cash flows from/(used in) investing activities . . . | (193.7) | (47.4) | 8.1 |
| Net cash flows from/(used in) financing activities . . . | 172.0 | (27.8) | (31.4) |
| Net increase in cash | 133.6 | 153.9 | 287.5 |
| Effect of foreign exchange rate changes, net | 2.8 | 0.3 | 3.6 |
| Cash at the beginning of the year | 27.0 | 163.4 | 317.6 |
| Cash at the end of the year | 163.4 | 317.6 | 608.7 |

Operating activities

In 2010, we had cash generated from operating activities before changes in working capital but after adjustments for non-cash expenses and income of RMB422.9 million and a net cash inflow from operating activities of RMB310.8 million. The difference of RMB112.1 million was primarily attributable to an increase of RMB103.1 million in inventories due to our increased purchase of inventories in response to the continued increase in the number of retail points operated by us, an increase of RMB24.0 million in trade and bills receivables due to our increased sales, and an increase of RMB14.3 million in prepayments, deposits and other receivables due to the increase in prepayments for raw materials to lock in the favourable prices for raw materials. This cash flow was partially offset by an increase of RMB77.0 million in deposits received, other payables and accruals due to increase in advances from third-party retailers as we followed policy to encourage third-party retailers to make advanced payments to us and an increase of RMB21.3 million in trade and bills payables resulting from our increased procurement, which was in line with our business growth.

In 2009, we had cash generated from operating activities before changes in working capital but after adjustments for non-cash expenses and income of RMB263.2 million and a net cash inflow from operating activities of RMB229.1 million. The difference of RMB34.1 million was primarily attributable to an increase of RMB33.2 million in inventories and an increase of RMB10.3 million in trade and bills receivables due to our increased sales. This difference was partially offset by an increase of RMB23.2 million in deposits received, other payables and accruals due to the increase of advances from third-party retailers in line with our business growth and increases in sales from these retailers and an increase of RMB3.8 million in trade and bills payables.

In 2008, we had cash generated from operating activities before changes in working capital but after adjustments for non-cash expenses and income of RMB190.8 million and a net cash inflow from operating activities of RMB155.3 million. The difference of RMB35.5 million was primarily attributable to an increase of RMB53.8 million in inventories and an increase of RMB6.5 million in prepayments, deposits and other receivables due to the increase in the number of retail points operated by us, which resulted in more prepayments for decoration and furnishing of the retail

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points. This difference was partially offset by an increase of RMB18.1 million in deposits received, other payables and accruals due to the increase in advances from third-party retailers, and a decrease of RMB13.5 million in trade and bills receivables due to our strict credit control policies amid the financial crisis.

Investing activities

In 2010, we had net cash generated from investing activities amounted to RMB8.1 million, primarily due to RMB14.8 million decrease in short-term deposits with maturity of over three months, and RMB4.9 million of interest received, which was partially offset by the capital expenditure of RMB11.1 million used in the purchase of property, plant and equipment mainly relating to the purchase of a parcel of land in Shanghai for warehousing.

In 2009, we had net cash used in investing activities amounted to RMB47.4 million, primarily due to the RMB23.0 million increase in short-term deposits with maturity of over three months. In addition, RMB19.8 million was used in the purchase of vehicles, office equipment and a warehouse in Chengdu, and RMB3.6 million was used for additions to investment properties located in Dezhou, partially offset by RMB3.2 million of interest received.

In 2008, we had net cash used in investing activities amounted to RMB193.8 million, primarily due to the RMB171.5 million used in the acquisition of non-controlling interests in Shanghai Doright and Dezhou Sino-union from Guangdong Rieys, which was partly financed by the proceeds from the Promissory Notes, RMB11.9 million used in the purchase of a parcel of land in Shanghai for warehousing and the construction of our buildings and new production facilities in Dezhou, RMB6.7 million used for prepaid land lease payments and RMB5.0 million increase in short-term deposits with maturity of over three months, partially offset by RMB1.5 million of interest received.

Financing activities

In 2010, we had net cash used in financing activities of RMB31.4 million, which was due to repayment of shareholders' loans of RMB31.4 million.

In 2009, we had net cash used in financing activities of RMB27.8 million, which was primarily attributable to a decrease of RMB33.8 million in amounts due to related parties, as a result of the repayment of shareholders' loans, partially offset by a RMB6.0 million contribution from owners of our Company.

In 2008, we had net cash generated from financing activities of RMB172.0 million, which was primarily attributable to shareholders' loans of RMB195.7 million from CEC Outfitters, partially offset by RMB23.0 million of dividends declared in 2007 by CEC Menswear HK and Faith Enterprise to their then equity holder, which was paid in 2008, and RMB5.0 million of repayment of bank borrowings.

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Current assets

As at 31 December 2008, 2009 and 2010, and as at 30 April 2011, being the indebtedness date which is no more than eight weeks prior to the date of this prospectus, the net current assets of our Group were as follows:

| | As at 31 December | | | As at 30 April |
|---|-------------------|--------------|--------------|----------------------------|
| | 2008 | 2009 | 2010 | 2011 |
| | RMB million | RMB million | RMB million | RMB million (unaudited) |
| Current assets | | | | |
| Inventories | 154.3 | 147.0 | 212.9 | 255.2 |
| Trade and bills receivables | 55.5 | 66.7 | 90.5 | 86.1 |
| Prepayments, deposits and other receivables | 26.8 | 33.8 | 46.4 | 57.9 |
| Pledged bank deposits | 8.4 | 14.7 | 14.8 | 3.8 |
| Cash and cash equivalents | <u>160.0</u> | <u>330.9</u> | <u>607.1</u> | <u>705.7</u> |
| Total current assets | <u>405.0</u> | <u>593.1</u> | <u>971.7</u> | <u>1,108.7</u> |
| Current liabilities | | | | |
| Trade and bills payables | 24.4 | 28.2 | 49.5 | 43.6 |
| Deposits received, accruals and other payables | 54.8 | 73.2 | 150.1 | 161.9 |
| Amounts due to related parties | 211.5 | 177.7 | 146.3 | 124.8 |
| Tax payable | <u>70.0</u> | <u>119.4</u> | <u>164.7</u> | <u>148.2</u> |
| Total current liabilities | <u>360.7</u> | <u>398.5</u> | <u>510.6</u> | <u>478.5</u> |
| Net current assets | <u>44.3</u> | <u>194.6</u> | <u>461.1</u> | <u>630.2</u> |

INDEBTEDNESS

Bank borrowings

With respect to our bank borrowings during the Track Record Period, the only bank loan was the short-term bank loan of RMB5.0 million we borrowed in 2007, which we fully repaid in March 2008. We currently do not maintain any credit facilities with banks due to our strong cash position.

We do not have any interest-bearing bank loans as at 30 April 2011, being the indebtedness date which is no more than eight weeks prior to the date of this prospectus.

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Amounts due to related parties

The following table sets out the outstanding balances with related parties as at the indicated dates:

| | As at 31 December | | |
|------------------------------------|-------------------|--------------|--------------|
| | 2008 | 2009 | 2010 |
| | RMB million | RMB million | RMB million |
| Due to related parties | | | |
| CEC Outfitters | 211.4 | 177.7 | 146.3 |
| China Enterprise Capital | 0.1 | — | — |
| | <u>211.5</u> | <u>177.7</u> | <u>146.3</u> |

The amounts due to related parties consist primarily of shareholder's loans from CEC Outfitters to fund the acquisition by Sky Trend of a 31% equity interest in each of Shanghai Doright and Dezhou Sino-Union that was completed in 2008 and partly to fund listing expenses. The shareholder's loans are unsecured and interest-free, have no fixed terms of payment and are repayable on demand. Part of the balance of the shareholder's loan was set off by dividends declared to CEC Outfitters by certain of our subsidiaries during the Track Record Period. The remaining balance of the shareholder's loans will be fully repaid by part of the net proceeds from the Global Offering.

No other outstanding indebtedness

Except as disclosed above in this section headed "Indebtedness", we did not have any outstanding mortgages or charges, borrowings or indebtedness including bank overdrafts, loans or debentures, loan capital, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees outstanding as at 30 April 2011, being the indebtedness date which is no more than eight weeks prior to the date of this prospectus.

CONTINGENT LIABILITIES

Our Company had no significant contingent liabilities as at 31 December 2008, 2009 and 2010.

OFF-BALANCE SHEET ARRANGEMENTS

As at the Latest Practicable Date, we did not have any significant off-balance sheet arrangements or contingencies.

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INVENTORY ANALYSIS

Inventories and average inventory turnover days

| | As at 31 December | | |
|--|-------------------|-------------|-------------|
| | 2008 | 2009 | 2010 |
| | RMB million | RMB million | RMB million |
| Inventories | | | |
| Raw materials | 14.6 | 13.7 | 24.0 |
| Work-in-progress | 2.9 | 5.3 | 9.2 |
| Finished goods | 136.8 | 128.0 | 179.7 |
| Total | 154.3 | 147.0 | 212.9 |
| Average inventory turnover days⁽¹⁾ | 356 | 289 | 304 |

Note:

(1) Average inventory turnover days is equal to the average inventory divided by the cost of sales and multiplied by 365 days. Average inventory equals inventory at the beginning of the year plus inventory at the end of the year and divided by two.

Our inventory consists of raw materials, work-in-progress and finished goods. The largest component is finished goods, which consists primarily of apparel products we manufactured and finished products we purchased from third-party manufacturers. Finished goods accounted for a significant portion of our inventories because a majority of our sales are derived from our self-operated retail points, which requires us to maintain a high level of merchandise for sales and display and to avoid stock shortage. The value of our finished goods inventory as at 31 December 2008, 2009 and 2010 was RMB136.8 million, RMB128.0 million and RMB179.7 million, respectively. The decrease of approximately 6.4% in finished goods inventory in 2009 was primarily due to the decrease in the number of retail points operated by us from 346 as at the end of 2008 to 325 as at the end of 2009. The increase of approximately 40.4% in finished goods inventory in 2010 was primarily due to an increase in the number of retail points operated by us from 325 as at the end of 2009 to 393 as at the end of 2010, as well as the increase in our sales volume.

The value of our raw materials inventory increased from RMB13.7 million as at 31 December 2009 to RMB24.0 million as at 31 December 2010 as we purchased more raw materials to minimise the risk of increase in costs of raw materials in 2010. The value of our raw materials decreased from RMB14.6 million as at 31 December 2008 to RMB13.7 million as at 31 December 2009, which was in line with the decrease in finished goods.

Our work-in-progress inventory, which results from our self-production, increased from RMB2.9 million as at 31 December 2008 to RMB5.3 million as at 31 December 2009 primarily due to the increase in our internal production as we began full-scale operation of our manufacturing plant in Dezhou in 2009. Our work-in-progress inventory increased from RMB5.3 million as at 31 December 2009 to RMB9.2 million as at 31 December 2010, primarily due to the increase in sales.

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As a result of the above, the value of our inventory decreased by approximately 4.7% from RMB154.3 million as at 31 December 2008 to RMB147.0 million as at 31 December 2009 and increased by approximately 44.8% from RMB147.0 million as at 31 December 2009 to RMB212.9 million as at 31 December 2010. As at 31 December 2008, 2009 and 2010, the balance of our inventory accounted for approximately 38.1%, 24.8% and 21.9%, respectively, of our total current assets. For the same reasons as stated above, our average inventory turnover days decreased by 67 days from 356 days for the year ended 31 December 2008 to 289 days for the year ended 31 December 2009 and increased to 304 days for the year ended 31 December 2010.

We have relatively high inventory balances and relatively long inventory turnover days because (i) we are a fast-growing company and we maintain a higher level of inventory to ensure sufficient stock supply to our expanding sales network and we keep certain level of stock as we consider adequate at each self-operated retail point depending on the sizes and sales of the retail points; (ii) our sales model, under which a majority of our sales are made through our self-operated retail points, results in a higher level of inventory than that of our competitors which operate under a pure distributorship or franchise sales model, as a large portion of our unsold products are recognised as our inventory rather than that of our third-party retailers; (iii) due to the seasonality of our business, we record the balance of our inventory at the end of each year when we generally have a higher level of inventory comprising fall/winter apparel products in anticipation of the sales peak during the Chinese New Year holiday season and for the early months of the following year, and our fall/winter apparel products generally have higher unit selling price than those of our spring/summer apparel products; (iv) the fashion trend of men's casual wear in the PRC changes relatively slower than those of womenswear, and the designs of most of our men's casual wear products do not change drastically from year to year, allowing our products held in inventory for one collection to be marketed and sold even after the next product collection is launched; and (v) the nature of our business requires us to offer a broad range of product types, sizes and colour selections to consumers, and thus we have to maintain a relatively higher inventory level to accommodate such product offerings. We believe we maintain our inventory balance at a healthy level as evidenced by our strong cash flow position and profit during the Track Record Period.

As at 30 April 2011, being the indebtedness date which is no more than eight weeks prior to the date of this prospectus, inventories of approximately RMB51.5 million as at 31 December 2010 have been utilised or sold. This was primarily due to the following reasons: (i) we launched our London Fog branded products in 2009 as part of our Group's multi-brand strategy, and we kept a relatively large amount of London Fog branded products in stock to ensure we have sufficient inventory to support the expansion of our sales network for this brand, which, as a new brand in its early development stage, has a slow turnover compared to the more established brands; (ii) we maintained an adequate level of inventory at each of our self-operated retail points for each product category; (iii) the year-end inventory consisted of a large portion of fall/winter clothes, which generally have a higher unit selling price, resulting in a higher inventory balance; and (iv) we only had two months to sell the fall/winter clothes before the change of season in March and April, and the sale of fall/winter clothes tends to be slow in March and April when we primarily focus on marketing our new spring/summer collections. We generally have a high utilisation of the inventory in September and October when we start to promote the fall/winter collections.

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The table below sets forth the aging analysis of the inventory as at 31 December 2008, 2009 and 2010.

| | Finished goods | | Raw materials | Work-in-progress | Total |
|------------------------|---------------------|--------------|---------------------|---------------------|-------------|
| | Less than 1 year | 1 to 3 years | Less than 1 year | Less than 1 year | |
| | RMB million | RMB million | RMB million | RMB million | RMB million |
| 31 December 2008 . . . | 98.0 | 38.8 | 14.6 | 2.9 | 154.3 |
| 31 December 2009 . . . | 77.4 | 50.6 | 13.7 | 5.3 | 147.0 |
| 31 December 2010 . . . | 129.2 | 50.5 | 24.0 | 9.2 | 212.9 |

To minimise the risk of building up aged inventory, we carry out physical stock counts periodically. We categorise our retail points based on their profitability and targeted consumer groups and reallocate past-season products to certain retail points to sell at a discount. We also sell excess out-of-season inventory at a higher discount through our self-operated discount outlet retail points, promotional activities at our self-operated retail points and annual internal special offer sales. To reduce the level of our aged finished goods, we, from time to time, also offer discounts on our end-of-season or out-of-season stock through store anniversary sales or festival promotional sales as directed by department stores or shopping malls where our retail points are located. We closely monitor inventory levels and transaction patterns at each of our self-operated retail points, which provide us with information regarding consumer preferences and enable us to make timely assessments on market trends. We adjust our production plan of new items based on such information. Please also refer to “— Critical Accounting Policies, Estimates and Judgments — Inventories” for our inventory provision policy.

TRADE AND OTHER RECEIVABLES

Trade and bills receivables

Our trade and bills receivables consist primarily of receivables from department stores and shopping malls. Generally we receive payments from department stores and shopping malls within 30 days after we issue invoices to the department stores and shopping malls. The following table sets forth our trade and bills receivables as at the indicated dates:

| | As at 31 December | | |
|--|-------------------|-------------|-------------|
| | 2008 | 2009 | 2010 |
| | RMB million | RMB million | RMB million |
| Trade receivables | 57.2 | 67.6 | 91.9 |
| Less: Impairment | (2.0) | (1.2) | (1.4) |
| Trade receivables, net | 55.2 | 66.4 | 90.5 |
| Bills receivables | 0.3 | 0.3 | — |
| | <u>55.5</u> | <u>66.7</u> | <u>90.5</u> |
| Average trade and bills receivables turnover days ⁽¹⁾ . . | <u>46</u> | <u>34</u> | <u>32</u> |

Note:

- (1) Average trade and bills receivables turnover days is equal to the average trade and bills receivables divided by revenue and multiplied by 365 days. Average trade and bills receivables equals trade and bills receivables at the beginning of the year plus trade and bills receivables at the end of the year and divided by two.

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Our trade and bills receivables as at 31 December 2008, 2009 and 2010 were RMB55.5 million, RMB66.7 million and RMB90.5 million, respectively. The increase was in line with the increase in sales made by our self-operated retail points.

The average trade and bills receivables turnover days decreased from 46 days in 2008 to 34 days in 2009 and further to 32 days in 2010 primarily due to the increased proportion of third-party retailers to which we normally do not grant any credit periods. The average trade and bills receivables turnover days decreased from 46 days in 2008 to 34 days in 2009 primarily due to our improved trade receivables collection and management, especially for receivables from department stores and shopping malls and the increased proportion of third-party retailers to which we normally do not grant any credit periods.

The table below sets forth the aging analysis of our trade receivables, based on the invoice date and net of provision for impairment as at 31 December 2008, 2009 and 2010.

| Trade receivables | As at 31 December | | |
|---------------------------|-------------------|-------------|-------------|
| | 2008 | 2009 | 2010 |
| | RMB million | RMB million | RMB million |
| Within 60 days | 53.8 | 63.8 | 87.8 |
| 61 to 90 days | 0.2 | 1.5 | 2.1 |
| 91 to 180 days | 0.7 | 0.4 | 0.5 |
| 181 to 360 days | 0.5 | 0.7 | 0.1 |
| Over 360 days | — | — | — |
| | <u>55.2</u> | <u>66.4</u> | <u>90.5</u> |

The table below sets forth the amounts of trade receivables that were neither past due nor impaired and amounts of trade receivables that were past due but not impaired as at 31 December 2008, 2009 and 2010.

| Trade receivables | Total | Neither past due nor impaired | Past due but not impaired | | |
|----------------------------|-------------|-------------------------------------|---------------------------|-----------------|-------------|
| | | | 1 to 180 days | 181 to 360 days | |
| | | | | Over 360 days | |
| | RMB million | RMB million | RMB million | RMB million | RMB million |
| 31 December 2008 | 55.2 | 52.5 | 2.7 | — | — |
| 31 December 2009 | 66.4 | 61.2 | 5.1 | 0.1 | — |
| 31 December 2010 | <u>90.5</u> | <u>84.5</u> | <u>5.8</u> | <u>0.2</u> | <u>—</u> |

The trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with us. Based on past experience, we believe no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality of these customers and the balances are still considered fully recoverable. We do not hold any collateral or other credit enhancements over these balances. As at 31 December

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2008, 2009 and 2010, the balance of our provisions for impairment of trade receivables amounted to approximately RMB2.0 million, RMB1.2 million and RMB1.4 million, respectively. The impaired trade receivables were related to customers that were in financial difficulties or in default on payments.

As at 30 April 2011, being the indebtedness date which is no more than eight weeks prior to the date of this prospectus, trade receivables of approximately RMB79.1 million as at 31 December 2010 have been settled.

Prepayments, deposits and other receivables

| | As at 31 December | | |
|--|-------------------|-------------|-------------|
| | 2008 | 2009 | 2010 |
| | RMB million | RMB million | RMB million |
| Prepayments | 20.3 | 27.9 | 36.7 |
| Deposits and other receivables | 6.5 | 5.9 | 9.7 |
| | <u>26.8</u> | <u>33.8</u> | <u>46.4</u> |

Our prepayments primarily consist of (i) advanced payments we made to third-party manufacturers and suppliers in relation to our outsourced production and raw materials purchases, respectively, normally representing about 30% of the total payment amount, and (ii) prepayments for purchases of property, plant and equipment. The increase from 2008 to 2009 was due to the prepayment for a warehouse in Chengdu. The increase from 2009 to 2010 was primarily due to the increase in advanced payments to third-party suppliers for raw materials in line with our business growth.

Our deposits and other receivables primarily consist of deposits we make to department stores and shopping malls. The deposits are charged by department stores and shopping malls when we entered into concession agreements with them and when we renovated our self-operated concession counters within these department stores and shopping malls. The amounts of our deposits and other receivables were RMB6.5 million, RMB5.9 million and RMB9.7 million as at 31 December 2008, 2009 and 2010, respectively. We closed out a number of self-operated retail points in 2009 as part of our business adjustment, and we opened a number of new retail points in 2010. As a result, our deposits and other receivables decreased in 2009 compared to 2008, but increased in 2010 compared to 2009.

As at the end of each of the three years ended 31 December 2010, the provision for impairment of our other receivables amounted to approximately RMB1.8 million. Such provision related to a receivable incurred by a debtor in 2002. We do not hold any collateral or other credit enhancements over the balance.

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TRADE AND OTHER PAYABLES

Trade and bills payables

Our trade and bills payables consist primarily of payables to third-party manufacturers and suppliers. The following table sets forth our trade and bills payables as at the indicated dates:

| | As at 31 December | | |
|---|-------------------|-------------|-------------|
| | 2008 | 2009 | 2010 |
| | RMB million | RMB million | RMB million |
| Trade and bills payables | 24.4 | 28.2 | 49.5 |
| Average trade and bills payables turnover days ⁽¹⁾ . . . | 62 | 50 | 66 |

Note:

(1) Average trade and bills payables turnover days is equal to the average trade and bills payables divided by cost of sales and multiplied by 365 days. Average trade and bills payables equals trade and bills payables at the beginning of the year plus trade and bills payables at the end of the year and divided by two.

Our trade and bills payables as at 31 December 2008, 2009 and 2010 were RMB24.4 million, RMB28.2 million and RMB49.5 million, respectively. The substantial increase in 2010 compared to 2009 was primarily due to an increase in procurement of raw materials and finished products from suppliers and third-party manufacturers, respectively. In addition, to deal with the continued increase in the cost of raw materials, we had extensive negotiations with third-party manufacturers on pricing terms, which led to a late arrival of 2010 winter inventories and late settlement with our suppliers and third-party manufacturers. The increase in 2009 compared to 2008 was due to our efforts to maintain an optimised treasury management by making slower payments to suppliers and third-party manufacturers in the face of the financial crisis.

Our average trade and bills payables turnover days were 62 days in 2008, 50 days in 2009 and 66 days in 2010. Such days decreased from 2008 to 2009 due to the requests from our suppliers and third party manufactures for faster payments in order to weather the financial crisis and our accommodation of such requests. Such days increased from 2009 to 2010 due to the generally improved economy as well as our stronger ability in negotiating better terms of payment and more stringent payment management procedures.

The turnover days of our trade payables (which do not include bills payables) for the years 2008, 2009 and 2010 were 39 days, 28 days and 41 days, respectively. These days are largely in line with our general trade credit period, which is an average of 35 days granted to us by our suppliers. Our average trade payable turnover days for the years 2008 and 2010 were longer than 35 days primarily due to the fact that our trade payables are generally recorded on the date we receive the raw materials, upon which time the credit period commences, while we make payments upon receipt of the invoices from the suppliers, which usually take place subsequent to the receipt of the raw materials and may be after the credit period. The trade payables turnover days decreased from 39 days in 2008 to 28 days in 2009 primarily due to our payments to our suppliers earlier than the due date under normal credit period to accommodate the requests from suppliers who may have experienced cash constraint as a result of the global financial crisis.

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The table below sets forth the aging analysis of the trade payables as at 31 December 2008, 2009 and 2010 based on invoice dates:

| Trade payables | As at 31 December | | |
|---------------------------|-------------------|-------------|-------------|
| | 2008 | 2009 | 2010 |
| | RMB million | RMB million | RMB million |
| Within 30 days | 14.1 | 13.2 | 33.9 |
| 31 to 90 days | 1.7 | 0.3 | 0.6 |
| 91 to 180 days | — | — | 0.2 |
| 181 to 360 days | 0.1 | — | — |
| Over 360 days | 0.1 | — | — |
| Total | 16.0 | 13.5 | 34.7 |

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 45 days. The bills payables are all due within 60 days.

As at 30 April 2011, being the indebtedness date which is no more than eight weeks prior to the date of this prospectus, trade payables of approximately RMB33.2 million, which were part of the ending balance as at 31 December 2010, were settled.

Deposits received, other payables and accruals

Our deposits received, other payables and accruals consist primarily of advances from third-party retailers, refundable deposits received from third-party retailers, value-added tax payable and other tax payables and accruals. Advances from third-party retailers for the purchase of products are generally 10% of the total purchase price and payable by the third-party retailers after placing orders with us at our sales fairs. Advances from third-party retailers are not refundable and are recognised as revenue when we sell the products to our retailers. Refundable deposits from third-party retailers represent a small amount of guaranteed deposits collected from third-party retailers when they first become our retailers, which is refundable upon the termination of their relationships with us.

The amounts of our deposits received, other payables and accruals were RMB54.8 million, RMB73.2 million and RMB150.1 million as at 31 December 2008, 2009 and 2010, respectively. The increase from 2008 to 2009 was primarily due to the increase in refundable deposits and advanced payments received from third-party retailers, which was in line with our business growth. The increase from 2009 to 2010 was primarily due to our increased sales, as well as our policy in 2010 which encouraged third-party retailers to make advanced payments to us for our spring and summer apparel, and the increase in advanced payments for supplemental winter apparel in the year.

As at 30 April 2011, being the indebtedness date which is no more than eight weeks prior to the date of this prospectus, advances from third-party retailers of approximately RMB70.4 million, which were part of the ending balance as at 31 December 2010, were recognised as revenue of our Group.

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Tax payable

As at 31 December 2008, 2009 and 2010, our tax payable amounted to RMB70.0 million, RMB119.4 million and RMB164.7 million, respectively. Tax payable represented the PRC corporate income tax payable at the end of the reporting period, which is the difference between the accumulative tax provision made and actual tax paid. The increase in our tax payable during the Track Record Period was in line with the increase in profit before tax of our Group and was also due to the fact that certain of our PRC Operating Subsidiaries were approved by Shanghai Jinshan District State Taxation Administration No. 4 Tax Office* (上海市金山區國家稅務局第四稅務所) and Sichuan Sub-Bureau directly under the State Taxation Administration* (四川省國家稅務局直屬稅務分局) (together, the “**Local Tax Authorities**”) to pay their corporate income taxes on the deemed basis for the year ended 31 December 2008 and 2009 and one of our PRC Operating Subsidiaries, Sichuan Bolderway, was approved by Sichuan Sub-Bureau directly under the State Taxation Administration to pay its corporate income taxes on the deemed basis for the years ended 31 December 2010, while our management agreed to adopt a more prudent and conservative method to make provision for our PRC corporate income tax on the actual basis after discussion with our reporting accountants. As a result, our tax provisions made under the actual basis for financial reporting purposes were higher than the actual taxes we paid (which were calculated on the deemed basis) during the relevant years. Accordingly, on an accumulative basis, our tax payable at the end of each year was increased.

Our PRC legal adviser, Commerce & Finance Law Offices, has confirmed that pursuant to Article 35 of 《中華人民共和國稅收徵管法》(The PRC Tax Administration Law) (“**Article 35**”), in the event that any of the six specific circumstances set out in Article 35 arises, the tax authorities in the PRC may approve the deemed basis for determining the tax profit of a company. In addition, our PRC legal adviser has advised that (i) pursuant to Article 38 《中華人民共和國稅收徵管法實施細則》(The Detailed Rules for the Implementation of the PRC Tax Administration Law) (“**Article 38**”), the local tax authority has the power to determine the appropriate tax collection method; (ii) the actual basis and the deemed basis are both the statutory tax collection methods for a particular company subject to its supervision; (iii) Article 35 merely lays down the six specific circumstances in which the tax authority may adopt the authorised tax valuation methods while Article 38 gives the tax authority a general power to determine the kind of corporate income tax collection method that should be adopted; and (iv) Article 38 is a detailed rule for the implementation of The PRC Tax Administration Law.

For the years ended 31 December 2008, 2009 and 2010, although the relevant PRC Operating Subsidiaries may not strictly fall within any of the six specific circumstances under Article 35, the Local Tax Authorities had adopted the deemed basis as the method of determining corporate income tax payable by the relevant PRC Operating Subsidiaries due to the Local Tax Authorities’ interpretation of Article 35. The corporate income tax on deemed basis was calculated as taxable income multiplied by the statutory tax rate of 25%, and taxable income was determined as the total revenue and other income reported by the relevant PRC Operating Subsidiaries multiplied by 4%, which was the taxable profit rate predetermined by the Local Tax Authorities. The corporate income tax on deemed basis reported and paid by the relevant PRC Operating Subsidiaries in 2008, 2009 and 2010 was approximately RMB3.7 million, RMB3.2 million and RMB17,000, respectively. If the actual basis were adopted, the amount of the corporate income tax of these relevant PRC Operating Subsidiaries in 2008, 2009 and 2010 would have been approximately RMB34.0 million, RMB38.5

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million and nil, respectively. Our PRC legal adviser is of the opinion that in accordance with Article 35 and Article 38, the Local Tax Authorities may choose to adopt the deemed basis or the actual basis for determining the corporate income tax for the relevant PRC Operating Subsidiaries. Accordingly, the relevant PRC Operating Subsidiaries were approved by the Local Tax Authorities to use the deemed basis in 2008, 2009 and 2010.

Our PRC legal adviser is also of the view that, however, under PRC law, the interpretation of the PRC Tax Administrative Law and the Detailed Rules for the Implementation of the PRC Tax Administration Law by local tax authorities remains, in all cases, subject to further review and potential challenge by the tax authority at a higher level. As such, in preparing our financial information for inclusion in this prospectus, given the importance of ensuring the presentation of our financial positions in an accurate and fair manner and in light of the possibility of a review or challenge by a higher level tax authority of the Local Tax Authorities, our management agreed to adopt a more prudent and conservative method to make provision for our corporate income tax on the actual basis after discussion with our reporting accountants. In the event that a higher level tax authority successfully challenges the use of the deemed basis and we are required to pay the corporate income tax for the relevant PRC Operating Subsidiaries based on the actual bases for the years ended 31 December 2008, 2009 and 2010, there will not be any material adverse impact on us, as adequate provision has been made in our financial statements in respect of such liability and we would not be subject to any fine or penalty.

We had paid all PRC corporate income tax, which had been due and payable, and we were not aware of any dispute or potential dispute between us and the tax authorities in the PRC as at the Latest Practicable Date.

WORKING CAPITAL

Our Directors are of the opinion that, taking into consideration the financial resources presently available to our Group, including the cash generated from operations and the estimated net proceeds from the Global Offering, our Group has sufficient working capital for its working capital requirements at least in the 12 months commencing from the date of this prospectus.

CAPITAL EXPENDITURES

Our capital expenditures in 2010 were approximately RMB11.1 million, primarily related to the purchase of a parcel of land in Shanghai for warehousing and new production facilities in Dezhou. Our capital expenditures in 2009 were approximately RMB19.8 million, primarily related to purchase of vehicles, office equipment and a warehouse in Chengdu. Our capital expenditures in 2008 were approximately RMB11.9 million, primarily for the construction of our buildings and new production facilities in Dezhou and the construction of office building and warehouse in Shanghai.

Our planned capital expenditures for 2011 and 2012 are approximately RMB30 million, primarily for purchase of land for construction of new production facilities and warehouses as part of our expansion plan, and construction of logistic centres on other locations to support our business growth. We plan to finance our capital expenditures with a combination of internally generated cash flow and proceeds from the Global Offering.

FINANCIAL INFORMATION

COMMITMENTS

Operating lease commitments

We lease premises for certain of our retail points and offices under non-cancellable operating lease arrangements, and the term of these leases ranges from one to three years.

As at 31 December 2008, 2009 and 2010, we had total future minimum lease payments under non-cancellable operating leases falling due as follows:

| | As at 31 December | | |
|--|-------------------|-------------|-------------|
| | 2008 | 2009 | 2010 |
| | RMB million | RMB million | RMB million |
| Within one year | 4.7 | 4.5 | 4.9 |
| In the second to fifth year, inclusive | <u>4.2</u> | <u>3.4</u> | <u>2.7</u> |
| | <u>8.9</u> | <u>7.9</u> | <u>7.6</u> |

Capital commitments

In addition to the operating lease commitments as set out above, we had the following capital commitments as at 31 December 2008, 2009 and 2010. The capital commitments as at 31 December 2010 were primarily related to the purchase of a warehouse in Chengdu and the purchase of a parcel of land in Shanghai for warehousing in 2010.

| | As at 31 December | | |
|-----------------------------------|-------------------|-------------|-------------|
| | 2008 | 2009 | 2010 |
| | RMB million | RMB million | RMB million |
| Contracted, but not provided for: | | | |
| Land and buildings | — | 1.9 | 11.0 |
| Plant and machinery | <u>0.4</u> | <u>0.7</u> | <u>0.2</u> |
| | <u>0.4</u> | <u>2.6</u> | <u>11.2</u> |

QUANTITATIVE AND QUALITATIVE INFORMATION ABOUT MARKET RISKS

We do not have significant exposure to interest rate, foreign currency and commodity price risks.

Interest rate risk

We have no significant interest-bearing assets other than the pledged bank deposits and cash and cash equivalents. As at 31 December 2008, 2009 and 2010, our cash and bank balances and time deposits denominated in Renminbi amounted to RMB167.9 million, RMB325.8 million and RMB602.5 million, respectively. We do not have any significant exposure to risk of changes in market interest rates as our bank borrowing and debt obligations are minimal. We had not used any financial instruments to hedge our exposure to interest rate risk during the Track Record Period.

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Foreign currency risk

All of our revenue and substantially all of our cost of sales and operating expenses are denominated in Renminbi. Accordingly, our transactional currency exposures are not significant. However, our financial assets and liabilities, which include certain amounts due to related parties in Hong Kong dollars and certain time deposits denominated in Hong Kong dollars and US dollars, are subject to foreign currency risk. Therefore, the fluctuations in the exchange rates of Renminbi against foreign currencies could affect our results of operations.

There are limited hedging instruments available in the PRC to reduce our exposure to exchange rate fluctuations between the Renminbi and other currencies. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risks. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to hedge our exposure successfully, or at all.

Commodity price risk

The major raw materials used in the production of our products are cotton, natural fibre and chemical fibre, which is derived from crude oil. We are exposed to commodity price risk resulting from changes in the prices of cotton and crude oil. The prices of cotton and crude oil are subject to significant fluctuations and are influenced by global as well as regional supply and demand conditions. We do not have any commodity derivative instruments to hedge against the potential fluctuations in commodity prices, such as crude oil. We do not have any long-term contracts with our suppliers for any of our raw materials.

Effect of inflation

According to the National Bureau of Statistics of the PRC, China's overall national inflation rate, as represented by the general consumer price index, was 5.9%, -0.7% and 3.3% for 2008, 2009 and 2010, respectively. Since January 2011, the inflation rate in China has been subject to upward pressure. Inflation generally increases our operating costs. Although there can be no assurance as to the impact in future periods, inflation in the PRC had not have a material impact on our results of operations during the Track Record Period.

DIVIDEND POLICY

Our indirect wholly-owned subsidiaries, CEC Menswear HK and Faith Enterprise, declared dividends of RMB23 million in 2007, which was paid in 2008 to their then shareholder at the time of declaration. The dividends declared and paid were funded by internally generated cash. We did not declare or pay any dividend in 2009 and 2010.

On 2 June 2011, we declared HK\$90 million dividends to our then existing shareholder, representing approximately 28% of our distributable profit for the year ended 31 December 2010. We intend to distribute these dividends after the Global Offering, and such dividends will be funded by our available cash resource and will not be funded by the net proceeds of the Global Offering.

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The declaration of dividends is subject to the discretion of our Directors, and, if necessary, the approval of our Shareholders. The amount of dividends actually declared and paid will also depend upon our Group's earnings and cash flow, financial condition, capital requirements, investment requirements and any other conditions our Directors may deem relevant. Any declaration and payment as well as the amount of dividends will also be subject to our Articles of Association and the Cayman Islands Companies Law. Our future declarations of dividends may or may not reflect our historical declarations of dividends.

Subject to the above factors, our Directors currently plan to pay dividends of approximately 30% of our distributable profit attributable to owners of our Company for the financial year ending 31 December 2011. Such intention does not amount to any guarantee or representation or indication that we must or will declare and pay dividends in such manner or declare and pay any dividends at all.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set out in note 34 to our combined financial statements included in the Accountants' Report in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms and/or that such terms were no less favourable to our Group than terms available to Independent Third Parties and were fair and reasonable and in the interest of our Shareholders as a whole.

For a discussion of related party transactions, see “— Indebtedness — Amounts due to related parties” above and note 34 to our combined financial statements included in the Accountants' Report in Appendix I to this prospectus.

DISTRIBUTABLE RESERVES

As our Company was incorporated on 7 March 2011, we had no distributable reserves available for distribution to our shareholders as at 31 December 2010. Our Group's reserves as at 31 December 2010 consisted of merger and acquisition reserves of RMB176.2 million, PRC statutory surplus reserve of RMB12.0 million, exchange fluctuation reserve of RMB4.7 million and retained profits of RMB503.4 million.

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UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of our Group, prepared in accordance with Rule 4.29 of the Listing Rules, is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the net tangible assets of our Group attributable to owners of our Company as at 31 December 2010 as if the Global Offering had taken place on 31 December 2010.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as at 31 December 2010 or at any future date.

| | Audited combined net tangible assets of our Group attributable to owners of our Company as at 31 December 2010⁽¹⁾ | Estimated net proceeds from the Global Offering⁽²⁾ | Unaudited pro forma adjusted net tangible assets of our Group attributable to owners of our Company⁽³⁾ | Unaudited pro forma adjusted net tangible assets per Share⁽⁴⁾ |
|--|---|--|--|---|
| | RMB million | RMB million | RMB million | RMB |
| Based on an Offer Price of HK\$1.90 per share | 554.4 | 1,158.7 | 1,713.1 | 0.46 |
| Based on an Offer Price of HK\$2.50 per share | 554.4 | 1,535.2 | 2,089.6 | 0.56 |

Notes:

- (1) Our audited combined net tangible assets attributable to owners of our Company as at 31 December 2010 is extracted from the Accountants' Report set out in Appendix I to this prospectus, which is based on the audited combined net assets of our Group attributable to owners of our Company as at 31 December 2010 of RMB696.3 million with an adjustment for the intangible assets attributable to owners of our Company as at 31 December 2010 of RMB141.9 million.
- (2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK\$1.90 and HK\$2.50 per Share, respectively, after deduction of estimated related fees and expenses, and do not take into account any Shares that may be issued pursuant to the Over-allotment Option. If the Over-allotment Option is exercised, the unaudited pro forma adjusted net tangible assets attributable to owners of our Company and unaudited pro forma adjusted net tangible assets per Share will increase. The estimated net proceeds are converted into RMB at the People's Bank of China Rate of HK\$1.00 to RMB0.8337 prevailing on 3 June 2011.
- (3) The dividend of HK\$90 million to be distributed after the Global Offering has not been taken into account in calculating the unaudited pro forma adjusted net tangible assets attributable to owners of our Company.
- (4) The unaudited pro forma net tangible assets per Share is arrived at after adjustment for the net proceed from the Global Offering payable to our Company as described in note (2) and on the basis that a total of 3,726,750,000 Shares were in issue assuming that the Global Offering was completed on 31 December 2010 (including Shares in issue as at the date of this prospectus and those Shares to be issued pursuant to the Global Offering and the Capitalisation Issue, but excluding Shares that may be issued upon the exercise of the Over-allotment Option, the options granted under the Pre-IPO Share Option Scheme and the options which may be granted under the Share Option Scheme).

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PROFIT FORECAST

On the bases and assumptions set out in Appendix III to this prospectus, and in the absence of unforeseen circumstances, we forecast that the combined profit attributable to owners of our Company and the unaudited pro forma forecast earnings per Share as follows:

| | |
|--|--|
| Forecast combined profit after taxation attributable to owners of our Company ⁽¹⁾ | Not less than RMB170.5 million (equivalent to HK\$204.5 million) ⁽³⁾ |
| Unaudited pro forma forecast earnings per Share ⁽²⁾ | Not less than RMB4.6 cents (HK5.5 cents) per Share ⁽³⁾ |

Notes:

- (1) Our forecast combined profit after taxation attributable to owners of our Company for the six months ending 30 June 2011 prepared by our Directors is based on the unaudited combined results of our Group for the four months ended 30 April 2011 and a forecast of the combined results of our Group for the remaining two months ending 30 June 2011. The forecast has been prepared on the basis of the accounting policies consistent in all material respects with those currently adopted by our Group as summarised in “Accountants’ Report” as set out in Appendix I to this prospectus.
- (2) The calculation of the unaudited pro forma forecast basic earnings per Share for the six months ending 30 June 2011 is based on the forecast combined results of our Group for the six months ending 30 June 2011, assuming the Capitalisation Issue and the Global Offering had been completed on 1 January 2011 and a total of 3,726,750,000 Shares were in issue during the entire period, taking no account of any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option, the options granted under the Pre-IPO Share Option Scheme and the options which may be granted under the Share Option Scheme.
- (3) The forecast combined profit after taxation attributable to owners of our Company and the unaudited pro forma forecast earnings per Share for the six months ending 30 June 2011 are converted to HK dollars at an exchange rate of HK\$1.00 to RMB0.8337, the prevailing rate quoted by the People’s Bank of China on 3 June 2011.

In deriving the above profit forecast, we have also taken into account the increased sales tax applicable to certain of our PRC Operating Subsidiaries since December 2010. Sales tax mainly includes the urban maintenance and construction tax and the education surcharge, which are levied based on the turnover tax, such as the value-added tax and business tax. Three of our PRC Operating Subsidiaries, Shanghai Doright, London Fog Shanghai and Dezhou Sino-Union, as foreign-invested enterprises, were exempted from the urban maintenance and construction tax and the education surcharge before 1 December 2010. However, under the Circular of the State Council on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals (Guo Fa [2010] No.35)* (國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知國發[2010]35號), which came into effect from 1 December 2010, these three PRC Operating Subsidiaries are subject to the urban maintenance and construction tax and the education surcharge. The applicable tax rate of the urban maintenance and construction tax for Shanghai Doright, London Fog Shanghai and Dezhou Sino-Union is 1%, 1% and 7%, respectively. The applicable tax rate of education surcharge applicable to each of these three subsidiaries is 5%. As a result, the percentage of sales tax over total sales of our Group increased significantly from 0.2% for the year ended 31 December 2010 to 0.7% for the four months ended 30 April 2011.

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The sales tax for the profit forecast period (six months ending 30 June 2011) is forecasted with reference to the percentage of sales tax over total sales of our Group of 0.7% for the four months ended 30 April 2011 and sales tax of approximately RMB4.0 million is forecasted as a result of the change in the relevant PRC tax regulations for the profit forecast period. Therefore, the increase in sales tax is proportionately more than the expected increase in sales turnover projected for the same period. Please refer to “Risk Factors — Risks Relating to Our Business — Our financial condition and results of operations may be adversely impacted by the changes in the PRC laws and regulations on the sales tax.”

We have undertaken to the Stock Exchange that our interim financial statements for the six months ending 30 June 2011 will be audited pursuant to Rule 11.18 of the Listing Rules.

PROPERTY INTERESTS AND VALUATION OF PROPERTIES

Our properties were revalued at RMB133.0 million as at 30 April 2011 by Norton Appraisals Limited. Details of the valuation are summarised in Appendix IV to this prospectus.

Disclosure of the reconciliation of the property interests and the valuation of such property interests as required under Rule 5.07 of the Listing Rules are set out below:

| | <u>RMB million</u> |
|---|--------------------|
| | <u>(unaudited)</u> |
| Net book value of property interest of our Group as at 31 December 2010 | |
| — Buildings | 62.8 |
| — Prepaid land lease payments | 29.5 |
| — Investment properties | 5.7 |
| Movements for the four months ended 30 April 2011 | |
| Depreciation. | (1.3) |
| Revised net book value as at 30 April 2011 | 96.7 |
| Valuation surplus as at 30 April 2011 | 36.3 |
| Valuation as at 30 April 2011 as per Appendix IV to this prospectus | 133.0 |

Note:

- (1) These property interests mainly represented those without valid title and/or ownership documents and therefore had been excluded for valuation purpose.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that as at the Latest Practicable Date, there were no circumstances which, had our Group been required to comply with Rules 13.13 to 13.19 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

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NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the Latest Practicable Date, there had been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2010, and there had been no event since 31 December 2010 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus, in each case except as otherwise disclosed herein.

Our Directors have also confirmed that there has not been any material change in our indebtedness and contingent liabilities since 30 April 2011.

FUTURE PLANS AND USE OF PROCEEDS

Future Plans and Prospects

Please refer to the “Business — Our Strategies” in this prospectus for a detailed description of our future plans.

Use of Proceeds

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$1,615.6 million (assuming an Offer Price of HK\$2.20 per Share, being the mid-point of the indicative range of Offer Price), after deducting the underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering.

Our Directors intend to apply the net proceeds from the Global Offering for the following purposes:

- approximately HK\$484.7 million, representing approximately 30% of the net proceeds from the Global Offering, will be used for licensing or acquisition of additional recognised international brands to enhance our brand portfolio. We have not at present identified any particular international brand for licensing or acquisition and our Group will take into account the factors set out in the section headed “Business — Our Strategies — Further strengthening our brand licensing and development strategies” in this prospectus when considering expanding our brand portfolio in the future;
- approximately HK\$323.1 million, representing approximately 20% of the net proceeds from the Global Offering, will be used for the launch and development of (i) classic womenswear under the JEEP and London Fog brands to complement our existing menswear line under the JEEP and London Fog brands together with the establishment of new retail points to carry such products and (ii) other product types, such as luggage, belts and shoes under our licensed brands or other new brands. We plan to perform analysis on our supply chain and sales strategies for the purposes of developing and launching womenswear products and other product types. We have commenced selling womenswear products for our London Fog brand. We have also commenced product designs for our women’s wear products based on the themes and style of our menswear products for the JEEP brand. We have introduced some of our womenswear and accessories products (such as belts and shoes) at a number of our self-operated retail points to test market acceptance of these products. We also plan to establish self-operated retail points that exclusively carry womenswear products under our existing brands;
- approximately HK\$242.3 million, representing approximately 15% of the net proceeds from the Global Offering, will be used for the expansion and enhancement of existing logistical system and the establishment of warehouses and logistics centres and the upgrade of our ERP and POS system;
- approximately HK\$242.3 million, representing approximately 15% of the net proceeds from the Global Offering, will be used for the expansion and improvement of our sales network (including establishment of new self-operated retail points and refurbishment of our existing self-operated retail points) and other marketing and promotional activities. We plan to expand our sales network to a total of approximately 1,100 retail points by the end of 2011. Details of our sales network expansion plans are set out in the section headed “Business — Our Strategies — Continuing to expand our sales network and geographical coverage of retail points” in this prospectus;

FUTURE PLANS AND USE OF PROCEEDS

- approximately HK\$161.6 million, representing approximately 10% of the net proceeds from the Global Offering, part of which will be used to settle in full the outstanding amount of RMB124.8 million of an unsecured shareholder's loan due to CEC Outfitters⁽¹⁾, which is interest-free and repayable on demand, and the remaining part of which will be used to enhance our production facilities. After such payment, the shareholder's loan will be fully settled and repaid; and
- approximately HK\$161.6 million, representing approximately 10% of the net proceeds from the Global Offering, will be used as additional general working capital of our Group.

Note:

- (1) The proceeds of the shareholder's loan due to CEC Outfitters was used partly to fund the acquisition by Sky Trend of a 31% equity interest in each of Shanghai Doright and Dezhou Sino-Union that was completed in 2008 and partly to fund listing expenses. Part of the balance of the shareholder's loan was set off by dividends declared to CEC Outfitters by certain of our subsidiaries during the Track Record Period.

If the Offer Price is fixed at HK\$2.50 per Offer Share, being the highest price within the stated Offer Price range, the net proceeds will be increased by approximately HK\$225.8 million. If the Offer Price is fixed at HK\$1.90 per Offer Share, being the lowest price within the stated Offer Price range, the net proceeds will be reduced by approximately HK\$225.8 million. To the extent our net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis (other than the repayment of the loan to CEC Outfitters, which will not change).

In the event of any change in our use of the net proceeds of the Global Offering from the purposes described above or in our allocation of the net proceeds for the above purposes, a formal announcement will be made.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above, they will be placed in short term demand deposits with banks in Hong Kong or China and/or through money market instruments.

We will not receive any of the proceeds from the sale of Sale Shares by the Selling Shareholders in the Global Offering. The Selling Shareholders estimate that they will receive an aggregate net proceeds from the Global Offering of approximately HK\$316.1 million, after deducting the estimated underwriting commissions and expenses payable by them in the Global Offering and assuming an Offer Price of HK\$2.20 per Share, being the midpoint of the indicative range of the Offer Price set out in this prospectus.

UNDERWRITING

HONG KONG UNDERWRITERS

Lead Manager

UBS AG, Hong Kong Branch

Co-Lead Managers

BNP Paribas Capital (Asia Pacific) Limited

CCB International Capital Limited

Guotai Junan Securities (Hong Kong) Limited

Kingsway Financial Services Group Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offer

Hong Kong Underwriting Agreement

Under the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price, on the terms and subject to the conditions of this prospectus and the Application Forms. Subject to the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and certain other conditions as set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly to procure subscribers for, or themselves, to subscribe for, their respective proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offer on the terms and subject to the conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Purchase Agreement having been signed and becoming unconditional.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination if, at any time before 8:00 a.m. on the Listing Date:

- (a) there develops, occurs, exists or comes into force:
 - (i) any event or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, economic sanctions, strikes, lock-outs, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting Hong Kong, the PRC, the United States, the United Kingdom, any member of the European Union, the Cayman Islands or the BVI (collectively, the “Relevant Jurisdictions”); or

UNDERWRITING

- (ii) any change, or any development involving a prospective change, or any event or circumstance likely to result in any change or development involving a prospective change, in any financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets, the inter-bank markets and credit markets) in or affecting any of the Relevant Jurisdictions; or
- (iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or
- (iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), London, the PRC, the European Union (or any member thereof), Japan or any other Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of those places or jurisdictions; or
- (v) any new laws, rules, statutes, ordinances, regulations, guidelines, opinions, notices, circulars, orders, judgments, decrees or rulings of any governmental authority (the “Law”) or any change or any development involving a prospective change in (or in the interpretation or application by any court or other competent authority of) existing Laws, in each case, in or affecting any of the Relevant Jurisdictions; or
- (vi) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or the Renminbi against any other currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or
- (vii) a Director being charged with an indictable offence or prohibited by operation of Law or otherwise disqualified from taking part in the management of a company; or
- (viii) the chairman or chief executive officer of our Company vacating his office; or
- (ix) an authority or a political body or organisation in any of the Relevant Jurisdictions commencing any investigation or other action or announcing an intention to investigate or take other action against any Director; or
- (x) a contravention by any member of our Group of the Listing Rules or applicable Laws; or
- (xi) a prohibition on our Company or any of the Selling Shareholders for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including the Over-allotment Shares) pursuant to the terms of the Global Offering; or
- (xii) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable Laws; or
- (xiii) an order being issued or a petition being presented for the winding up of any member of our Group or any composition or arrangement being made by any member of the Group with its creditors or a scheme of arrangement being entered into by any member of the

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Group or any resolution for the winding up of any member of our Group being passed or a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group being appointed or anything analogous thereto occurring in respect of any member of our Group,

which, individually or in the aggregate, in the sole opinion of the Sole Global Coordinator,

- (1) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, financial or trading position or condition, or performance of the Group as a whole; or
 - (2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Placing; or
 - (3) makes or will make or may make it inadvisable or impracticable for the Global Offering to proceed or to market the Global Offering; or
 - (4) has or will have or may have the effect of making any part of this Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or
- (b) there has come to the notice of the Sole Global Coordinator:
- (i) that any statement contained in this prospectus, the Application Forms and/or in any notices or announcements issued by or on behalf of our Company in connection with the Hong Kong Public Offer (including any supplement or amendment thereto) (collectively the “**Offer Documents**”) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any Offer Document is not fair and honest and based on reasonable assumptions, when taken as a whole; or
 - (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of the Offer Documents; or
 - (iii) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Purchase Agreement, (other than upon any of the Hong Kong Underwriters or the International Underwriters); or
 - (iv) any event, act or omission which gives or is likely to give rise to any material liability of any of the indemnifying parties pursuant to the terms of the Hong Kong Underwriting Agreement; or
 - (v) any material adverse change or development involving a prospective material adverse change in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, financial or trading position or condition, or performance of the Group as a whole; or
 - (vi) any material litigation or claim of any third party being threatened or instigated against any member of our Group; or
 - (vii) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the warranties under the Hong Kong Underwriting Agreement; or
 - (viii) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be

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issued or sold pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

- (ix) that the Company has withdrawn this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or
- (x) that any person (other than the Sole Global Coordinator and any of the Underwriters) has withdrawn its consent to being named in any of this prospectus, the Application Forms, the preliminary offering circular (together with the related pricing supplement), the final offering circular and any other document issued, given or used in connection with the contemplated offering and sale of the Offer Shares or otherwise in connection with the Global Offering and, in each case, all amendments or supplements thereto.

Undertakings

Undertakings to the Stock Exchange under the Listing Rules

(A) Undertaking by us

Under Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the commencement of dealing), except under the Capitalisation Issue and the Global Offering (including the exercise of the Over-allotment Option, the Pre-IPO Share Options and any options which may be granted under the Share Option Scheme) or for the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertaking by the controlling shareholders

In accordance with Rule 10.07(1)(a) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that except pursuant to the Global Offering and the Stock Borrowing Agreement, (a) it/he will not and will procure that the registered holders will not, at any time during the period commencing from the date of this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of the Shares in respect of which it/he is shown by this prospectus to be the beneficial owners; and (b) it/he will not and will procure that the registered holders will not, at any time during the period of six months from the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of our Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interest or encumbrances, it/he will then cease to be a controlling shareholder of our Company.

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Note (2) of Rule 10.07 of the Listing Rules provides that the rule does not prevent a controlling shareholder from using the shares owned by it as securities (including a charge or a pledge) in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan.

Each of our Controlling Shareholders has further undertaken to the Stock Exchange and our Company that it/he will, from the date of this prospectus and ending on the date which is 12 months from the Listing Date, immediately inform us of:

- (a) any pledges or charges of any Shares or securities of our Company beneficially owned by it/him in favour of any authorised institution as permitted under the Listing Rules, and the number of such Shares or securities of our Company so pledged or charged; and
- (b) any indication received by it/him, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such Shares or other securities of our Company will be sold or disposed of.

We will also inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of our Controlling Shareholders or their shareholders and disclose such matters by way of an announcement as soon as possible after being so informed by any of our Controlling Shareholders.

Undertakings under the Hong Kong Underwriting Agreement

(A) Undertaking by us

We have undertaken to each of the Sole Global Coordinator, the Hong Kong Underwriters and the Sole Sponsor that at any time from the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the “**First Six-month Period**”), our Company will not (except for (i) the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-allotment Option), (ii) options which may be granted under the Share Option Scheme and (iii) Shares which may be issued upon the exercise of options granted under the Pre-IPO Share Option Scheme and options which may be granted under the Share Option Scheme), without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of the Company with a depositary in connection with the issue of depositary receipts; or

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- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or
- (c) enter into any transaction with the same economic effect as any transaction specified in sub-paragraphs (a) or (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in sub-paragraphs (a), (b) or (c) above,

in each case, whether any of the transactions specified in sub-paragraphs (a), (b) or (c) above is to be settled by delivery of Shares or other securities of the Company, or in cash or otherwise (whether or not the issue of such Shares or securities will be completed within the First Six-month Period). In the event that, during the period of six months commencing on the date on which the First Six-month Period expires (the “**Second Six-month Period**”), the Company enters into any of the transactions specified in sub-paragraphs (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, the Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company. CEC Outfitters, CEC Menswear BVI and Vinglory have undertaken to each of the Sole Global Coordinator, the Hong Kong Underwriters and the Sole Sponsor to procure the Company to comply with the above undertakings.

(B) Undertaking by CEC Outfitters

CEC Outfitters has undertaken to each of the Company, the Sole Global Coordinator, the Hong Kong Underwriters and the Sole Sponsor that, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) it will not, at any time during the First Six-month Period,
 - (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of the Company with a depository in connection with the issue of depository receipts; or
 - (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or
 - (iii) enter into any transaction with the same economic effect as any transaction specified in sub-paragraphs (i) or (ii) above; or

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- (iv) offer to or agree to or announce any intention to effect any transaction specified in sub-paragraphs (i), (ii) or (iii) above, in each case, whether any of the transactions specified in sub-paragraphs (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of the Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-month Period);
- (b) it will not, during the Second Six-month Period, enter into any of the transactions specified in sub-paragraphs (a)(i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it will cease to be a “controlling shareholder” (as the term is defined in the Listing Rules) of our Company; and
- (c) until the expiry of the Second Six-month period, in the event that it enters into any of the transactions specified in sub-paragraphs (a)(i), (ii) or (iii) above or offer to or agrees to or announce any intention to effect any such transaction, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

Undertaking by the Controlling Shareholders (other than CEC Outfitters) under lock up deeds

Each of the Controlling Shareholders (other than CEC Outfitters) has undertaken to each of the Company, the Sole Global Coordinator (for itself and on behalf of the other Underwriters) and the Sole Sponsor that, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the other Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) it/he will not, at any time from the date of the relevant lock-up deed up to and including the date falling six months after the Listing Date,
 - (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of the Company with a depository in connection with the issue of depository receipts, and in the case of CEC Menswear BVI, it will not do any of the foregoing in respect of its shares in CEC Outfitters; and in the case of Vinglory, it will not do any of the foregoing in respect of its shares in CEC Outfitters; and in the case of China Enterprise Capital, it will not do any of the foregoing in respect of its shares in CEC Menswear BVI; and in the case of Mr. Zhang Bruce Yongfu, he will not do any of the foregoing in respect of his shares in Vinglory; or

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- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); and in the case of CEC Menswear BVI, it will not do any of the foregoing in respect of its shares in CEC Outfitters; and in the case of Vinglory, it will not do any of the foregoing in respect of its shares in CEC Outfitters; and in the case of China Enterprise Capital, it will not do any of the foregoing in respect of its shares in CEC Menswear BVI; and in the case of Mr. Zhang Bruce Yongfu, he will not do any of the foregoing in respect of his shares in Vinglory; or
 - (iii) enter into any transaction with the same economic effect as any transaction specified in sub-paragraphs (i) or (ii) above, and in the case of CEC Menswear BVI, it will not do any of the foregoing in respect of its shares in CEC Outfitters; and in the case of Vinglory, it will not do any of the foregoing in respect of its shares in CEC Outfitters; and in the case of China Enterprise Capital, it will not do any of the foregoing in respect of its shares in CEC Menswear BVI; and in the case of Mr. Zhang Bruce Yongfu, he will not do any of the foregoing in respect of his shares in Vinglory; or
 - (iv) offer to or agree to or announce any intention to effect any transaction specified in sub-paragraphs (i), (ii) or (iii) above, in each case, whether any of the transactions specified in sub-paragraphs (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of the Company or shares or other securities of CEC Outfitters, CEC Menswear BVI and/or Vinglory, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-month Period);
- (b) it/he will not, during the period of six months commencing on the date on which the six-month period referred to in sub-paragraph (a) above expires, enter into any of the transactions specified in sub-paragraphs (a)(i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it/he will cease to be a “controlling shareholder” (as the term is defined in the Listing Rules) of our Company; and
- (c) until the expiry of the six-month period referred to in sub-paragraph (b) above, in the event that it/he enters into any of the transactions specified in sub-paragraphs (a)(i), (ii) or (iii) above or offer to or agrees to or announce any intention to effect any such transaction, it/he will take all reasonable steps to ensure that it/he will not create a disorderly or false market in the securities of the Company.

Undertakings by Mr. Chen, ICL London Fog and the Investors under lock up deeds

Each of Mr. Chen, ICL London Fog and the Investors has undertaken to each of the Company and the Sole Global Coordinator (for itself and on behalf of the other Underwriters) that, without the prior written consent of the Company and the Sole Global Coordinator (for itself and on behalf of the other Underwriters) and at any time from the date of the relevant lock-up deed up to and including the date falling six months after the Listing Date, except pursuant to the Global Offering, he/it will not, and will procure that none of his/its respective affiliates or companies controlled by him/it or any nominee or trustee holding in trust for him/it will, offer, accept subscription for, pledge, charge, allot, sell, lend, mortgage, assign, contract to allot or sell, sell any option or contract

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to purchase, purchase any option or contract to sell, hedge, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, or create an encumbrance over, directly or indirectly, conditionally or unconditionally, any of our Shares or securities convertible into or exchangeable or exercisable for any of our Shares, enter into a transaction which would have the same effect (through the issuance of depositary receipts or otherwise), or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our Shares or any interest in them, whether any such aforementioned transaction is to be settled by delivery of our Shares or such other securities, in cash or otherwise, or offer or agree or announce any intention to do any of the foregoing.

Indemnity

We, CEC Outfitters, CEC Menswear BVI and Vinglory have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

International Placing

International Purchase Agreement

In connection with the International Placing, we and the Selling Shareholders, among others, expect to enter into the International Purchase Agreement with the International Underwriters. Under the International Purchase Agreement, the International Underwriters, subject to certain conditions, will agree severally and not jointly to procure purchasers for, or themselves purchase, their respective proportions of the International Offer Shares offered under the International Placing.

Under the International Purchase Agreement, we expect to grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator (on behalf of the International Underwriters) at any time from the date of the International Purchase Agreement up to (and including) the date which is the 30th day after the last day for the lodging of applications under the Hong Kong Public Offer, to require us to allot and issue up to an aggregate of 139,770,000 additional Shares representing 15.0% of the number of Offer Shares initially available under the Global Offering. These Shares will be issued at the Offer Price and will be solely for the purpose of covering over-allocations, if any, in the International Placing.

It is expected that the International Purchase Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that if the International Purchase Agreement is not entered into, the Global Offering will not proceed.

We, CEC Outfitters, CEC Menswear BVI, Vinglory and the Selling Shareholders will agree to indemnify the International Underwriters against certain liabilities, including liabilities under the U.S. Securities Act.

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Commissions and expenses

The Hong Kong Underwriters will receive a gross commission of 3% of the aggregate Offer Price payable for the Hong Kong Offer Shares (excluding any International Offer Shares reallocated to the Hong Kong Public Offer and any Hong Kong Offer Shares reallocated to the International Placing) initially offered under the Hong Kong Public Offer. For International Offer Shares reallocated to the Hong Kong Public Offer or unsubscribed Hong Kong Offer Shares reallocated to the International Placing, we will pay an underwriting commission at the rate applicable to the International Placing and such commission will be paid to the International Underwriters and not the Hong Kong Underwriters. The commissions payable to the Underwriters will be borne by our Company and the Selling Shareholders in proportion to the new Shares issued in relation to the Global Offering and Shares sold by the Selling Shareholders in the Global Offering, respectively. Our Company may also in its sole and absolute discretion pay to the Sole Global Coordinator an incentive fee of up to 1% of the gross proceeds from the sale of Shares offered by us under the Global Offering.

The aggregate commissions (exclusive of any discretionary incentive fees), together with listing fees, SFC transaction levy and Stock Exchange trading fee in respect of the new Shares offered by us, legal and other professional fees and printing and other expenses relating to the Global Offering, are estimated to be approximately HK\$100.4 million (assuming an Offer Price of HK\$2.20, which is the mid-point of the indicative Offer Price range and that the Over-allotment Option is not exercised) in total and are payable by us. The Selling Shareholders will pay commissions, SFC transactions levy, Stock Exchange trading fee and buyers' and sellers' stamp duty in respect of the Sale Shares (if any).

Underwriters' interest in our Group

Save for their obligations under the Hong Kong Underwriting Agreement and the International Purchase Agreement and, if applicable, the stock borrowing arrangement that may be entered into between the Stabilising Manager or its agent with CEC Outfitters, none of the Underwriters has any shareholding interests in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Sole Sponsor's independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offer as part of the Global Offering. UBS AG, Hong Kong Branch is the Sole Global Coordinator, Sole Bookrunner and Lead Manager of the Global Offering and the Sole Sponsor to the Listing.

The Global Offering comprises:

- the Hong Kong Public Offer of 93,180,000 Shares (subject to adjustment as mentioned below) in Hong Kong as described below under “Hong Kong Public Offer”; and
- the International Placing of 838,620,000 Shares (of which 686,820,000 Shares are to be offered by us and 151,800,000 Shares are to be offered by the Selling Shareholders) subject to adjustment and the Over-allotment Option as mentioned below, in the United States to QIBs in reliance on Rule 144A or another available exemption from the registration requirements under the U.S. Securities Act, and outside the United States (including with professional, institutional, corporate and other investors whom we anticipate to have a reasonable demand for the Shares in Hong Kong) in offshore transactions in reliance on Regulation S.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offer or indicate an interest, if qualified to do so, for the International Offer Shares under the International Placing, but may not do both. The Hong Kong Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Placing will involve selective marketing of the International Offer Shares to QIBs in the United States in reliance on Rule 144A or another available exemption from the registration requirements under the U.S. Securities Act, as well as to institutional and professional investors and other investors in other jurisdictions outside the United States in reliance on Regulation S. The International Underwriters are soliciting from prospective investors indications of interest in acquiring the International Offer Shares in the International Placing. Prospective investors will be required to specify the number of International Offer Shares they would be prepared to acquire either at different prices or at a particular price.

The number of Offer Shares to be offered under the Hong Kong Public Offer and the International Placing respectively may be subject to reallocation as described in the section headed “Pricing and allocation” below.

References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application related only to the Hong Kong Public Offer.

PRICING AND ALLOCATION

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us (for ourselves and on behalf of the Selling Shareholders) on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Friday, 24 June 2011 and in any event, no later than 5:00 p.m. on Tuesday, 28 June 2011.

STRUCTURE OF THE GLOBAL OFFERING

The Offer Price will be not more than HK\$2.50 per Offer Share and is expected to be not less than HK\$1.90 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offer, as explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

If, based on the level of interest expressed by prospective institutional and professional investors and other investors during the book-building process, the Sole Global Coordinator (on behalf of the Underwriters and with the consent of our Company considers the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range to be inappropriate, the Sole Global Coordinator (on behalf of the Underwriters) may reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or before the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offer on Thursday, 23 June 2011, cause to publish in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) a notice of the reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in the section headed “Summary” and any other financial information which may change as a result of such reduction. Before submitting applications for Hong Kong Offer Shares, applicants should have regarded to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offer. Upon issue of such a notice, the revised Offer Price range and/or number of Offer Shares will be final and conclusive and the Offer Price, if agreed by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us (for ourselves and on behalf of the Selling Shareholders) will be fixed within such revised Offer Price range. Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction of the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging application under the Hong Kong Public Offer. Such notice will also include confirmation or revisions, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of such notice so published, the number of Hong Kong Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us (for ourselves and on behalf of the Selling Shareholders), will not be set outside the Offer Price range as stated in this prospectus. The Offer Price, if agreed upon, will be fixed within such revised Offer Price range. In the absence of any notice being published in respect of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this prospectus on or before the last day for lodging applications under the Hong Kong Public Offer, the Offer Price, if agreed upon, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

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The Shares to be offered in the Hong Kong Public Offer and the International Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator. Allocation of the International Offer Shares under the International Placing will be determined by the Sole Global Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell Shares after the Listing. Such allocation may be made to professional, institutional or corporate investors and is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a solid Shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offer will be based on the level of valid applications received under the Hong Kong Public Offer. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The applicable Offer Price, level of applications in the Hong Kong Public Offer, the level of indications of interest in the International Placing, the basis of allocations of the Hong Kong Offer Shares and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offer are expected to be made available in a variety of channels in the manner described in the section headed "How to Apply for Hong Kong Offer Shares — Publication of Results" in this prospectus.

CONDITIONS OF THE HONG KONG PUBLIC OFFER

Acceptance of all applications for the Hong Kong Offer Shares under the Hong Kong Public Offer will be conditional on:

- (a) the granting by the Listing Committee for the listing of, and permission to deal in, the Shares in issue, the Offer Shares (including any Shares which may be issued under the exercise of the Over-allotment Option) (subject only to allotment), Shares to be issued under the Capitalisation Issue and Shares which may fall to be issued on the exercise of the Pre-IPO Share Options and any options which may be granted under the Share Option Scheme;
- (b) the Offer Price being duly determined and the execution and delivery of the price determination agreement on or around the Price Determination Date;
- (c) the execution and delivery of the International Purchase Agreement on or around the Price Determination Date;
- (d) the obligations of the Underwriters under the Hong Kong Underwriting Agreement and the International Purchase Agreement having become unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 20 July 2011, being the 30th day after the date of this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

If, for any reason, the Offer Price is not agreed by 5:00 p.m. on Tuesday, 28 June 2011 between the Sole Global Coordinator (on behalf of the Underwriters) and us (for ourselves and on behalf of the Selling Shareholders), the Global Offering will not proceed and will lapse.

If the above conditions are not fulfilled or waived before the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offer to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Hong Kong Offer Shares”. In the meantime, the application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares are expected to be issued on Wednesday, 29 June 2011 but will only become valid certificates of title at 8:00 a.m. on the Listing Date, provided that (a) the Global Offering has become unconditional in all respects and (b) neither of the Underwriting Agreements has been terminated in accordance with its terms.

The consummation of each of the Hong Kong Public Offer and the International Placing is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

HONG KONG PUBLIC OFFER

Number of new Shares initially offered

We are initially offering 93,180,000 new Shares at the Offer Price, representing 10.0% of the 931,800,000 Offer Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to the reallocation of Offer Shares between the International Placing and the Hong Kong Public Offer, the number of Offer Shares offered under the Hong Kong Public Offer will represent approximately 2.5% of our enlarged issued share capital immediately after completion of the Capitalisation Issue and the Global Offering, assuming that the Over-allotment Option and the Pre-IPO Share Options are not exercised.

Allocation

For allocation purposes only, the Hong Kong Offer Shares initially being offered for subscription under the Hong Kong Public Offer (after taking into account any adjustment in the number of Offer Shares allocated between the Hong Kong Public Offer and the International Placing) will be divided equally into two pools (subject to adjustment of odd lot size): Pool A comprises 46,590,000 Hong Kong Offer Shares and Pool B comprises 46,590,000 Hong Kong Offer Shares, both of which are available on an equitable basis to successful applicants. All valid applications that have been received for Hong Kong Offer Shares with a total amount (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) of HK\$5 million or less will fall into Pool A and all valid applications that have been received for Hong Kong Offer Shares with a total amount (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) of more than HK\$5 million and up to the total value of Pool B will fall into Pool B.

STRUCTURE OF THE GLOBAL OFFERING

Applications should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Hong Kong Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools and may only apply for Hong Kong Offer Shares in either Pool A or Pool B. In addition, multiple or suspected multiple applications within either pool or in both pools will be rejected. No application will be accepted from applicants for more than 46,590,000 Hong Kong Offer Shares (being 50.0% of the initial number of Hong Kong Offer Shares).

Reallocation and clawback

The allocation of Offer Shares between the Hong Kong Public Offer and the International Placing is subject to adjustment. If the number of Offer Shares validly applied for in the Hong Kong Public Offer represents (a) 15 times or more but less than 50 times, (b) 50 times or more but less than 100 times, and (c) 100 times or more, of the number of Offer Shares initially available under the Hong Kong Public Offer, the total number of Offer Shares available under the Hong Kong Public Offer will be increased to 279,540,000, 372,720,000 and 465,900,000 Offer Shares, representing 30% (in the case of (a)), 40% (in the case of (b)) and 50% (in the case of (c)), respectively, of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option). In such cases, the number of Offer Shares allocated to the International Placing will be correspondingly reduced, in such manner as the Sole Global Coordinator deems appropriate, and such additional Offer Shares will be allocated to Pool A and Pool B.

If the Hong Kong Offer Shares are not fully subscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportions as the Sole Global Coordinator deems appropriate. Conversely, if the Hong Kong Public Offer is over-subscribed, the Sole Global Coordinator may at his discretion reallocate Hong Kong Offer Shares from the International Placing to the Hong Kong Public Offer to satisfy valid applications under Hong Kong Public Offer.

Applications

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Placing, and who has made an application under the Hong Kong Public Offer, to provide sufficient information to the Sole Global Coordinator so as to allow it to identify the relevant applications under the Hong Kong Public Offer and to ensure that it is excluded from any application for Hong Kong Offer Shares under the Hong Kong Public Offer.

Each applicant under the Hong Kong Public Offer will also be required to give an undertaking and confirmation in the application submitted by him that he and any person for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest of, any International Offer Shares under the International Placing, and such applicant's application is liable to be rejected if the undertaking and/or confirmation is breached or untrue (as the case may be) or it has been or will be placed or allocated International Offer Shares under the International Placing.

STRUCTURE OF THE GLOBAL OFFERING

Applicants under the Hong Kong Public Offer are required to pay, on application, the maximum Offer Price of HK\$2.50 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. If the Offer Price, as finally determined on the Price Determination Date, is lower than HK\$2.50, being the maximum Offer Price, we will refund the respective difference (including brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) to successful applicants, without interest. Further details are set out in “How to Apply for Hong Kong Offer Shares”.

INTERNATIONAL PLACING

Number of Offer Shares offered

The number of Offer Shares to be initially offered for subscription or sale under the International Placing will consist of 686,820,000 new Shares and 151,800,000 Sale Shares (subject to adjustment and the Over-allotment Option) representing 90.0% of the Offer Shares under the Global Offering and approximately 22.5% of our enlarged issued share capital immediately after the Capitalisation Issue and the Global Offering assuming that the Over-allotment Option and the Pre-IPO Share Options are not exercised. The International Placing is subject to the Hong Kong Public Offer becoming unconditional.

Allocation

Under the International Placing, the International Underwriters will conditionally place our Offer Shares to QIBs in the United States in reliance on Rule 144A, as well as to institutional and professional investors and other investors expected to have a sizeable demand for our Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Allocation of International Offer Shares under the International Placing will be effected in accordance with the “book-building” process described in the section headed “Pricing and allocation” in this prospectus and based on a number of factors, including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the Listing. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional Shareholder base for the benefit of our Company and our Shareholders as a whole.

The Hong Kong Offer Shares to be offered in the Hong Kong Public Offer and the International Placing may, in certain circumstance, be reallocated as between those offering at the discretion of the Sole Global Coordinator.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and the Offer Shares being offered under the Global Offering (including the additional Offer Shares which may be made available under the exercise of the Over-allotment Option) (subject to allotment only), Shares to be issued under the Capitalisation Issue and Shares which may be issued on the exercise of the Pre-IPO Share Options and any options which may be granted under the Share Option Scheme.

STRUCTURE OF THE GLOBAL OFFERING

Save as disclosed in this prospectus, no part of our Share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

OVER-ALLOTMENT OPTION

We are expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Sole Global Coordinator or its agent on behalf of the International Underwriters at any time and from time to time from the date of the International Purchase Agreement up to (and including) the date which is the 30th day after the last date for lodging of Application Forms under the Hong Kong Public Offer. Under the Over-allotment Option, the Sole Global Coordinator or its agent will have the right to require us to allot and issue up to an aggregate of 139,770,000 additional new Shares representing 15% of the Offer Shares initially available under the Global Offering to, among other things, cover over-allocations in the International Placing, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of our enlarged issued share capital following the completion of the Capitalisation Issue, the Global Offering and the exercise of the Over-allotment Option. These Shares will be issued at the Offer Price. An announcement will be made if the Over-allotment Option is exercised.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilising Manager may choose to borrow, whether on its own or through its affiliates, up to 139,770,000 Shares, representing 15% of the Offer Shares initially available under the Global Offering, from CEC Outfitters to cover over-allocation under the stock borrowing arrangement (being the maximum number of Offer Shares which may be issued upon exercise of the Over-allotment Option), or acquire Shares from other sources, including the exercising the Over-allotment Option.

If such stock borrowing arrangement with CEC Outfitters is entered into, it will only be effected by the Stabilising Manager or its agent for settlement of over-allocation in the International Placing and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set out in Rule 10.07(3) of the Listing Rules are complied with. The same number of Shares so borrowed must be returned to CEC Outfitters or its nominees on or before the third Business Day following the earlier of (a) the last day on which the Over-allotment Option may be exercised, or (b) the day on which the Over-allotment Option is exercised in full and the relevant Offer Shares subject to the Over-allotment Option have been issued. The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to CEC Outfitters by the Stabilising Manager or its agent in relation to such stock borrowing arrangement.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong, activity aimed at reducing the market price is prohibited and the price at which stabilisation is effected is not permitted to exceed the offer price.

STRUCTURE OF THE GLOBAL OFFERING

In connection with the Global Offering, the Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period from the date of the International Purchase Agreement and ending on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offer. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of the Stabilising Manager and may be discontinued at any time. Any such stabilising activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offer.

Stabilising action permitted in Hong Kong under the Securities and Futures (Price Stabilising) Rules includes: (a) over-allocation for the purpose of preventing or minimising any reduction in the market price of the Shares; (b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares; (c) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares under the Over-allotment Option in order to close out any position established under (a) or (b) above; (d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares; (e) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (f) offering or attempting to do anything described in (b), (c), (d) or (e) above.

Specifically, prospective applications for and investors in the Shares should note that:

- the Stabilising Manager, or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, or any person acting for it, will maintain such a position;
- liquidation of any such long position by the Stabilising Manager may have an adverse impact on the market price of the Shares;
- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the date of the International Purchase Agreement following announcement of the Offer Price, and is expected to expire on Saturday, 23 July 2011, being the 30th day after the last date for lodging applications under the Hong Kong Public Offer. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by the taking of any stabilising action; and
- stabilising bids must be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

STRUCTURE OF THE GLOBAL OFFERING

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilising) Rules will be made within seven days of the expiration of the stabilising period.

In connection with the Global Offering, the Sole Global Coordinator may over-allocate up to and not more than an aggregate of 139,770,000 additional Shares. Following any overallocations of Shares in conjunction with the Global Offering resulting in a short position, the Sole Global Coordinator may cover the short position resulting from such over-allocations by exercising the Over-allotment Option, which will be exercisable by the Stabilising Manager or its agent on behalf of the International Underwriters, or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangement or a combination of these means. In particular, for the purpose of settlement of over-allocations in connection with the International Placing, the Stabilising Manager or its agent may borrow up to 139,770,000 Shares from CEC Outfitters, equivalent to the maximum number of Shares to be issued on full exercise of the Over-allotment Option, under the stock borrowing arrangement. The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payments or other benefit will be made to CEC Outfitters by the Stabilising Manager in relation to the stock borrowing arrangement. The covered short position will not exceed the number of Shares that may be sold under the Over-allotment Option, namely 139,770,000 Shares, which is 15% of the Offer Shares initially available under the Global Offering.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 30 June 2011, it is expected that dealings in Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, 30 June 2011.

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Sole Global Coordinator (on behalf of the Underwriters) and us (for ourselves and on behalf of the Selling Shareholders) on the Price Determination Date.

We expect that we will, on or about Friday, 24 June 2011, shortly after determination of the Offer Price, enter into the International Purchase Agreement relating to the International Placing.

The terms of the underwriting arrangements, the Hong Kong Underwriting Agreement and the International Purchase Agreement are summarised in the section headed “Underwriting” in this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. METHODS OF APPLYING FOR HONG KONG OFFER SHARES

There are three ways to make an application for the Hong Kong Offer Shares. You may apply for the Hong Kong Offer Shares (a) by either using a **WHITE** or **YELLOW** Application Form; (b) applying online through the designated website of the HK eIPO White Form Service Provider (www.hkeipo.hk), referred to in this prospectus as the “HK eIPO White Form service”; or (c) by giving **electronic application instructions** to HKSCC to cause HKSCC Nominees to apply for the Hong Kong Offer Shares on your behalf. Except where you are a nominee and provide the required information in your application, you or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying using a **WHITE** or **YELLOW** Application Form or applying online through the **HK eIPO White Form** service or by giving **electronic application instructions** to HKSCC.

2. WHO CAN APPLY FOR HONG KONG OFFER SHARES

You can apply for the Hong Kong Offer Shares available for subscription by the public on a **WHITE** or **YELLOW** Application Form if you or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States and will be acquiring the Hong Kong Offer Shares in an offshore transaction (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you wish to apply for Hong Kong Offer Shares online through the **HK eIPO White Form** service, in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

You may only apply by means of the **HK eIPO White Form** service if you are an individual applicant. Corporations or joint applicants may not apply by means of **HK eIPO White Form**.

If the applicant is a firm, the application must be in the names of the individual members, not the firm’s name. If the applicant is a body corporate, the Application Form must be signed by a duly authorised officer, who must state his or her representative capacity.

If an application is made by a person duly authorised under a valid power of attorney, the Sole Global Coordinator (or its agents or nominees) may accept it at its discretion, and subject to any conditions it thinks fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four.

We, the Sole Global Coordinator or the designated HK eIPO White Form Service Provider (where applicable) or our or their respective agents have full discretion to reject or accept any application, in full or in part, without assigning any reason.

The Hong Kong Offer Shares are not available to existing beneficial owners of Shares, our Directors or chief executives of our Company or any of our subsidiaries, or their respective associates (as

HOW TO APPLY FOR HONG KONG OFFER SHARES

defined in the Listing Rules) or any other connected persons (as defined in the Listing Rules) of our Company or persons who will become our connected persons immediately upon completion of the Global Offering or a person who is not outside the United States and will not be acquiring the Hong Kong Offer Shares in an offshore transaction (as defined in Regulation S under the U.S. Securities Act) or persons who do not have a Hong Kong address nor otherwise participate in the International Placing.

You may apply for Hong Kong Offer Shares under the Hong Kong Public Offer or indicate an interest for International Offer Shares under the International Placing, but may not do both.

3. APPLYING BY USING A WHITE OR YELLOW APPLICATION FORM

Which Application Form to use

Use a **WHITE** Application Form if you want the Hong Kong Offer Shares to be issued in your own name.

Instead of using a white Application Form, you may apply for the Hong Kong Offer Shares by means of HK eIPO White Form by submitting applications online through the designated website at www.hkeipo.hk. Use HK eIPO White Form if you want the Shares issued in your own name.

Use a **YELLOW** Application Form if you want the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

Note: The Hong Kong Offer Shares are not available to existing beneficial owners of Shares, our Directors or chief executives of our Company or any of our subsidiaries, or their respective associates (as defined in the Listing Rules) or any other connected persons (as defined in the Listing Rules) of our Company or persons who will become our connected persons immediately upon completion of the Global Offering or a person who is not outside the United States and will not be acquiring the Hong Kong Offer Shares in an offshore transaction (as defined in Regulation S under the U.S. Securities Act) or persons who do not have a Hong Kong address nor otherwise participate in the International Placing.

Where to collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus from:

Any of the following addresses of the Hong Kong Underwriters:

UBS AG, Hong Kong Branch

52nd Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

BNP Paribas Capital (Asia Pacific) Limited

Room 6415, 64th Floor
Two International Finance Centre
8 Finance Street
Central, Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

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|--|--|
| CCB International Capital Limited | 34/F, Two Pacific Place 88 Queensway, Admiralty Hong Kong |
| Guotai Junan Securities (Hong Kong) Limited | 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong |
| Kingsway Financial Services Group Limited | 5/F Hutchison House 10 Harcourt Road Central Hong Kong |

or any one of the following branches of The Hongkong and Shanghai Banking Corporation Limited:

| | Branch name | Address |
|-----------------------------------|-------------------------------|--|
| Hong Kong Island | Hong Kong Office | Level 3, 1 Queen's Road Central, Hong Kong |
| | North Point Branch | G/F, Winner House, 306-316 King's Road, North Point, Hong Kong |
| | Des Voeux Road Central Branch | China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong |
| | Hay Wah Building Branch | G/F, Hay Wah Building, 71-85 Hennessy Road, Wan Chai, Hong Kong |
| Kowloon | Pioneer Centre Branch | Shop 218, 2/F, Pioneer Centre, 750 Nathan Road, Kowloon |
| | 238 Nathan Road Branch | Shop No. 1, 1/F, 238 Nathan Rd, Kowloon |
| | Whampoa Garden Branch | Shop No. G6 & 6A, G/F, Site 4, Whampoa Garden, Kowloon |
| New Territories | Citywalk Branch | Shops G21-22, Citywalk, 1 Yeung Uk Road, Tsuen Wan, New Territories |
| | Tuen Shing Street Branch | Shop No. 1225, 1/F, Tuen Mun Town Plaza Phase 1, 1 Tuen Shing Street, Tuen Mun, New Territories |
| | East Point City Branch | Shop No. 198, East Point City, 8 Chung Wa Road, Tseung Kwan O, New Territories |

HOW TO APPLY FOR HONG KONG OFFER SHARES

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 20 June 2011 until 12:00 noon on Thursday, 23 June 2011 from:

- (1) The Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong; or
- (2) Your stockbroker, who may have such Application Forms and this prospectus available.

How to complete the Application Forms

There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected and returned by ordinary post together with the accompanying cheque(s) or banker's cashier order(s) to you (or the first-named applicant in the case of joint applicants) at your own risk at the address stated in the Application Form.

You should note that by completing and submitting the Application Form, among other things:

- (a) you **agree** with our Company and each shareholder of our Company, and our Company agrees with each of our Shareholders, to observe and comply with the Cayman Companies Law, the Companies Ordinance, the Memorandum of Association and the Articles of Association;
- (b) you **confirm** that you have received a copy of this prospectus and have only relied on the information and representations in this prospectus and the Application Forms in making your application and will not rely on any other information and representations save as set out in this prospectus, the Application Forms and any supplement to this prospectus;
- (c) you **agree** that our Company, our Directors, the Selling Shareholders and any person who has authorised the issue of this prospectus are liable only for the information and representations contained in this prospectus and any supplement to this prospectus;
- (d) you **undertake** and **confirm** that you (if the application is made for your own benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, and have not received or been placed or allotted (including conditionally and/or provisionally) any International Offer Shares under the International Placing nor otherwise participated in the International Placing;
- (e) you **agree** to disclose to our Company, the Selling Shareholders, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, our Share Registrar, receiving bank and/or their respective advisers and agents personal data and any information which they require about you or the person(s) for whose benefit you have made the application;
- (f) **instruct** and **authorise** our Company and/or the Sole Global Coordinator (or its agents or nominees), as an agent of our Company, to do on your behalf all things necessary to register any Hong Kong Offer Shares allotted to you in your name(s) (for applicants on a **WHITE** Application Form) or in the name of HKSCC Nominees (for applicants on a **YELLOW** Application Form), as required by the Articles of Association, and otherwise to give effect to the arrangements described in this prospectus and the Application Forms;
- (g) **undertake** to sign all documents and to do all things necessary to enable you (for applicants on a **WHITE** Application Form) or HKSCC Nominees (for applicants on a **YELLOW** Application Form) to be registered as the holder of the Hong Kong Offer Shares to be allotted to you, and as required by the Articles of Association and otherwise to give effect to the arrangements described in this prospectus and the Application Forms;
- (h) **warrant** the truth and accuracy of the information contained in your application;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (i) if the laws of any place outside Hong Kong are applicable to your application, **agree** and **warrant** that you have complied with all such laws and none of our Company, the Sole Global Coordinator and the Underwriters nor any of their respective directors, officers or advisers will infringe any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;
- (j) **agree** (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (k) **agree** that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (l) **represent, warrant** and **undertake** that you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act and you and any person for whose account or benefit you are acquiring the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) when completing the Application Form or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (m) **undertake** and **agree** to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application; and
- (n) **agree** that the processing of your application, including the despatch of refund cheque(s) (if any), may be done by our Company's receiving bank and is not restricted to the bank at which your application was lodged.

In order for the YELLOW Application Forms to be valid:

- (a) If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):**
 - (i) the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box in the Application Form.
- (b) If the application is made by an individual CCASS Investor Participant:**
 - (i) the Application Form must contain the CCASS Investor Participant's name and Hong Kong identity card number; and
 - (ii) the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.
- (c) If the application is made by a joint individual CCASS Investor Participant:**
 - (i) the Application Form must contain the names and Hong Kong identity card numbers of all joint CCASS Investor Participants; and
 - (ii) the participant I.D. must be inserted in the appropriate box in the Application Form.
- (d) If the application is made by a corporate CCASS Investor Participant:**
 - (i) the Application Form must contain the CCASS Investor Participant's company name and Hong Kong business registration number; and
 - (ii) the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Incorrect or incomplete details of the CCASS Participant, participant I.D. or other similar matters may render the application invalid.

Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are requested to designate on each Application Form in the box marked “For nominees” account numbers or other identification codes for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner.

If your application is made through a duly authorised attorney, our Company, the Sole Global Coordinator, the Underwriters and their respective agents and nominees, each severally as our agent(s), may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of your attorney. We and the Sole Global Coordinator, in the capacity as our agent, or our or its agents or nominees, will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

4. APPLYING THROUGH HK eIPO WHITE FORM

General

- (a) You may apply through **HK eIPO White Form** service by submitting an application through the designated website at www.hkeipo.hk if you satisfy the relevant eligibility criteria for this as set out above in “Who can apply for Hong Kong Offer Shares” and on that website. If you apply through **HK eIPO White Form** service, the Shares will be issued in your own name.
- (b) Detailed instructions for application through the **HK eIPO White Form** service are set out on the designated website at www.hkeipo.hk. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated **HK eIPO White Form Service Provider** and may not be submitted to our Company.
- (c) If you give electronic application instructions through the designated website at www.hkeipo.hk, you will have to authorise the designated **HK eIPO White Form Service Provider** to apply on the terms and subject to the conditions set out in this prospectus, as supplemented and amended by the terms and conditions applicable to the **HK eIPO White Form** service.
- (d) In addition to the terms and conditions set out in this prospectus, the designated **HK eIPO White Form Service Provider** may impose additional terms and conditions upon you for the use of the **HK eIPO White Form** service. These additional terms and conditions are set out on the designated website at www.hkeipo.hk. You will be required to read, understand and agree to such terms and conditions in full before making any application.
- (e) By submitting an application to the designated **HK eIPO White Form Service Provider** through the **HK eIPO White Form** service, you are deemed to have authorised the designated **HK eIPO White Form Service Provider** to transfer the details of your application to our Company and our Share Registrar.
- (f) You may submit an application through the **HK eIPO White Form** service in respect of a minimum of 2,000 Hong Kong Offer Shares. Each electronic application instruction in respect of more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at www.hkeipo.hk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (g) You may submit your application to the designated HK eIPO White Form Service Provider through the designated website www.hkeipo.hk from 9:00 a.m. on Monday, 20 June 2011 until 11:30 a.m. on Thursday, 23 June 2011 or such later time as described under the section headed “Effect of bad weather on the opening of the application lists” below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 23 June 2011, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the section headed “Effect of bad weather on the opening of the application lists” below.
- You will not be permitted to submit your application to the designated HK eIPO White Form Service Provider through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (h) You should make payment for your application made by HK eIPO White Form service in accordance with the methods and instructions set out in the designated website at www.hkeipo.hk. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Thursday, 23 June 2011, or such later time as described under the section headed “Effect of bad weather on the opening of the application lists” below, the designated HK eIPO White Form Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at www.hkeipo.hk.
- (i) Once you have completed payment in respect of any electronic application instruction given by you or for your benefit to the designated HK eIPO White Form Service Provider to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under HK eIPO White Form service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular application reference number will not constitute an actual application.
- (j) **Warning:** The application for Hong Kong Offer Shares through the HK eIPO White Form service is only a facility provided by the designated HK eIPO White Form Service Provider to public investors. Our Company, our Directors, the Sole Global Coordinator and the Underwriters take no responsibility for such applications, and provide no assurance that applications through the HK eIPO White Form service will be submitted to our Company or that you will be allotted any Hong Kong Offer Shares.

Please note that Internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the HK eIPO White Form service, you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offer to submit your electronic application instructions. If you have problems connecting to the designated website for the HK eIPO White Form service, you should submit a WHITE Application Form. However, once you have submitted electronic application instructions and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a WHITE or YELLOW Application Form.

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Conditions of the HK eIPO White Form service

In using the HK eIPO White Form service to apply for the Hong Kong Offer Shares, the applicant shall be deemed to have accepted the following conditions:

That the applicant:

- **applies** for the desired number of Hong Kong Offer Shares on the terms and subject to the conditions set out in this prospectus and the HK eIPO White Form designated website at www.hkeipo.hk subject to the Articles of Association;
- **undertakes and agrees** to accept the Hong Kong Offer Shares applied for, or any lesser number allotted to the applicant on such application;
- **declares** that this is the only application made and the only application intended by the applicant to be made whether on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or the HK eIPO White Form Service Provider under the **HK eIPO White Form** service, to benefit the applicant or the person for whose benefit the applicant is applying;
- **undertakes and confirms** that the applicant (if the application is made for your benefit) or the person(s) for whose benefit the applicant are applying have not applied for or taken up, or indicated an interest for, and will not apply for, or take up, or indicate an interest for, and have not received or been placed or allocated (including conditionally and/or provisionally) any International Offer Shares under the International Placing, nor otherwise participate in the International Placing;
- **understands** that this declaration and representation will be relied upon by our Company in deciding whether or not to make any allotment of Hong Kong Offer Shares in response to such application;
- **instructs and authorises** our Company (or its agents or nominees) to place the applicant's name on the register of members of our Company as the holder of any Hong Kong Offer Shares to be allotted to the applicant, and (on the terms and subject to the conditions set out in this prospectus) to send any Share certificates by ordinary post at the applicant's own risk to the address given on the HK eIPO White Form application except where the applicant has applied for 1,000,000 or more Hong Kong Offer Shares and that applicant collects any Share certificate(s) in person in accordance with the procedures prescribed in the HK eIPO White Form designated website at www.hkeipo.hk and this prospectus;
- **request** that e-Auto Refund payment instructions (if any) will be despatched to application payment bank account, if the applicant paid the application monies from a single bank account;
- **request** that refund cheque (if any) will be despatched to the address specified in application instructions to the designated HK eIPO White Form Service Provider by ordinary post and at applicant's own risk, if the applicant used multi-bank accounts to pay the application monies;
- **has read** the terms and conditions and application procedures set out in the HK eIPO White Form designated website at www.hkeipo.hk and this prospectus and **agrees** to be bound by them;
- **represents, warrants and undertakes** that the applicant and any persons for whose account or benefit the applicant are applying are non-U.S. person(s) outside the United States (as defined in Regulation S), when completing and submitting this Application Form or is a person

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described in paragraph (h)(3) of the Rule 902 of Regulation S or the allotment of or application for the Hong Kong Offer Shares to or by whom or for whose benefit this application is made would not require our Company to comply with any requirements under any law or regulation (whether or not having the force of law) of any territory outside Hong Kong; and

- **agrees** that such application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Supplemental information

If any supplement to this prospectus is issued, applicant(s) who have already submitted an electronic application instruction through the **HK eIPO White Form** service may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications through the **HK eIPO White Form** service that have been submitted remain valid and may be accepted. Subject to the provisions referred to in this section, an application once made through the **HK eIPO White Form** service is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

Effect of completing and submitting an application through the HK eIPO White Form service

By completing and submitting an application through the **HK eIPO White Form** service, you for yourself or as agent or nominee and on behalf of any person for whom you act as agent or nominee shall be deemed to:

- (a) **agree** with our Company and each Shareholder of our Company, and our Company agrees with each of our Shareholders, to observe and comply with the Cayman Companies Law, the Companies Ordinance, the Memorandum of Association and the Articles of Association;
- (b) **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and the **HK eIPO White Form** designated website at www.hkeipo.hk and **agree** to be bound by them and you have only relied on the information and representations in this prospectus in making your application and will not rely on any other information and representations save as set out in this prospectus and any supplement to this prospectus;
- (c) **agree** that our Company, our Directors, the Selling Shareholders, and any person who has authorised the issue of this prospectus are liable only for the information and representations contained in this prospectus and any supplement to this prospectus;
- (d) **undertake** and **confirm** that you (if the application is made for your benefit) or the person(s) for whose benefit you have made this application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, and have not received or been placed or allotted (including conditionally and/or provisionally) any International Offer Shares under the International Placing nor otherwise participated in the International Placing;
- (e) **agree** to disclose to our Company, the Selling Shareholders, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, our Share Registrar, receiving bank and/or their respective advisers and agents personal data and any information which they require about you or the person(s) for whose benefit you have made in your application;

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- (f) **instruct** and **authorise** our Company and/or the Sole Global Coordinator (or its agents or nominees) as an agent of our Company, to do on your behalf all things necessary to register any Hong Kong Offer Shares allotted to you in your name, as required by the Articles of Association, and otherwise to give effect to the arrangements described in this prospectus and the HK eIPO White Form designated website at www.hkeipo.hk;
- (g) **warrant** the truth and accuracy of the information contained in your application;
- (h) if the laws of any place outside Hong Kong are applicable to your application, **agree** and **warrant** that you have complied with all such laws and none of our Company, the Sole Global Coordinator and the Underwriters nor any of their respective directors, officers or advisers will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the HK eIPO White Form designated website at www.hkeipo.hk;
- (i) **agree** (without prejudice to any other rights which may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (j) **agree** that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (k) **represent, warrant** and **undertake** that you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act and you and any person for whose account or benefit you are acquiring the Hong Kong Offer Shares are outside the United States (as defined in the Regulation S) when completing the application or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (l) **undertake** and **agree** to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under your application;
- (m) (if the application is made for your own benefit) **warrant** that this is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the HK eIPO White Form Service Provider through the **HK eIPO White Form** service; and
- (n) (if you are an agent for another person) **warrant** reasonable enquiries have been made of that other person that this is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the HK eIPO White Form Service Provider through the **HK eIPO White Form** service, and that you are duly authorised to submit the application as that other person's agent.

Our Company, the Sole Global Coordinator, the Underwriters and their respective directors, officers, employees, partners, agents, advisers, and any other parties involved in the Global Offering are entitled to rely on any warranty, representation or declaration made by you in such application.

Power of attorney

If your application is made by a duly authorised attorney, our Company or the Sole Global Coordinator, as our agent, may accept it at their discretion and subject to any conditions as any of them may think fit, including evidence of the authority of your attorney.

Additional information

For the purpose of allocating Hong Kong Offer Shares, each applicant giving electronic application instructions through **HK eIPO White Form** service to the HK eIPO White Form Service Provider through the designated website at www.hkeipo.hk will be treated as an applicant.

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If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Hong Kong Offer Shares for which you have applied, or if your application is otherwise rejected by the designated HK eIPO White Form Service Provider, the designated HK eIPO White Form Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the designated HK eIPO White Form Service Provider on the designated website at www.hkeipo.hk.

Otherwise, any monies payable to you due to a refund for any of the reasons set out below in the section headed “Despatch/Collection of Share certificates/e-Auto Refund payment instructions/refund cheques”.

5. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

General

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
2/F, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** through CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You are deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to our Company and our Share Registrar.

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Application for Hong Kong Offer Shares by HKSCC Nominees on your behalf

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Hong Kong Offer Shares:

- (a) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (b) HKSCC Nominees does the following things on behalf of each such person:
 - **agrees** that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;
 - **undertakes** and **agrees** to accept the Hong Kong Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;
 - **undertakes** and **confirms** that that person has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, and has not received or been placed or allocated (including conditionally and/or provisionally) any International Offer Shares under the International Placing nor otherwise participated in the International Placing;
 - (if the **electronic application instructions** are given for that person's own benefit) **declares** that only one set of **electronic application instructions** has been given for that person's benefit;
 - (if that person is an agent for another person) **declares** that that person has only given one set of **electronic application instructions** for the benefit of that other person and that that person is duly authorised to give those instructions as that other person's agent;
 - **understands** that the above declaration will be relied upon by our Company, our Directors the Selling Shareholders and the Sole Global Coordinator in deciding whether or not to make any allotment of Hong Kong Offer Shares in respect of the **electronic application instructions** given by that person and that that person may be prosecuted if he makes a false declaration;
 - **authorises** our Company to place the name of HKSCC Nominees on the register of members of our Company as the holder of the Hong Kong Offer Shares allotted in respect of that person's **electronic application instructions** and to send Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company and HKSCC;
 - **confirms** that that person has read the terms and conditions and application procedures set out in this prospectus and **agrees** to be bound by them;
 - **confirms** that that person has received a copy of the prospectus and has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf and will not rely on any other information and representations save as set out in this prospectus and any supplement to this prospectus;
 - **agrees** that our Company, the Selling Shareholders, our Directors and any person who has authorised the issue of this prospectus are liable only for the information and representations contained in this prospectus and any supplement to this prospectus;

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- **agrees** to disclose to our Company, the Selling Shareholders, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, the Share Registrar, the receiving bank and/or their respective advisers and agents that person's personal data and any information which they may require about that person;
- **agrees** (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees is accepted, the application cannot be rescinded for innocent misrepresentation;
- **agrees** that any application made by HKSCC Nominees on behalf of that person under **electronic application instructions** given by that person is irrevocable on or before Wednesday, 20 July 2011, such agreement to take effect as a collateral contract with our Company and to become binding when that person gives the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before Wednesday, 20 July 2011, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before Wednesday, 20 July 2011 if a person responsible for this prospectus under section 40 of the Companies Ordinance (as applied by section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;
- **agrees** that once the application of HKSCC Nominees Limited is accepted, neither that application nor that person's **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offer made available by our Company;
- **agrees** to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Offer Shares;
- **agrees** with our Company for ourselves and for the benefit of each of our Shareholders (and so that we will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for ourselves and on behalf of each of our Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Cayman Companies Law, the Companies Ordinance, the Memorandum of Association and the Articles of Association;
- **agrees** with us (for ourselves and for the benefit of each Shareholder) that Shares are freely transferable by their holders;
- **authorises** us to enter into a contract on its behalf with each Director and our officer by which each such Director and officer undertakes to observe and comply with his obligations to our Shareholders stipulated in the Articles of Association; and
- **agrees** that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

EFFECT OF GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or the Offer Price is less than the price per Offer Share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and Stock Exchange trading fee, by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

Multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purpose of considering whether multiple applications have been made.

Minimum subscription amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 2,000 Hong Kong Offer Shares. Such instructions in respect of more than 2,000 Hong Kong Offer Shares must be in one of the numbers of Hong Kong Offer Shares set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Those who are not CCASS Investor Participants can instruct their brokers or custodians who are CCASS Clearing Participants or CCASS Custodian Participants to give electronic applications to HKSCC through CCASS terminals to apply for Hong Kong Offer Shares on their behalf.

Allocation of Hong Kong Offer Shares

For the purpose of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions given will be treated as an applicant.

Section 40 of the Companies Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies Ordinance (as applied by section 342E of the Companies Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Share Registrar and receiving bank about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

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Warning

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Our Company, our Directors, the Selling Shareholders, the Sole Sponsor, the Sole Global Coordinator and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions** to the systems. If CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either: (a) submit a **WHITE** or **YELLOW** Application Form; or (b) go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, 23 June 2011 or such late time as described in the section headed "Effect of bad weather on the opening of the application lists" below.

6. HOW MANY APPLICATIONS YOU MAY MAKE

You may make more than one application for the Hong Kong Offer Shares if and only if you are a nominee, in which case you may give **electronic application instructions** to HKSCC through CCASS (if you are a CCASS Participant) and lodge more than one **WHITE** or **YELLOW** Application Form in your own name if each application is made on behalf of different beneficial owners.

In the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner (or, in the case of joint beneficial owners, for each such beneficial owner). If you do not include this information, the application will be treated as being made for your benefit.

Otherwise, multiple applications are not allowed.

If you apply by means of **HK eIPO White Form** service, once you complete payment in respect of any electronic application instructions given by you or for your benefit to be designated **HK eIPO White Form Service Provider** to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **HK eIPO White Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service by giving electronic application instructions through the designated website at www.hkeipo.hk and completing payment in respect of such electronic application instructions, or of submitting one application through the **HK eIPO White Form** service and one or more applications by any other means, all of your applications are liable to be rejected.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purpose of considering whether multiple applications have been made.

It will be a term and condition of all applications that by completing and delivering an Application Form or submitting an **electronic application instruction**, you:

- (if the application is made for your own benefit) **warrant** that the application is the only application which has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated HK eIPO White Form Service Provider through the **HK eIPO White Form** service; or
- (if you are an agent for another person) **warrant** that reasonable enquiries have been made of that other person that the applications is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated HK eIPO White Form Service Provider through the **HK eIPO White Form** service, and that you are duly authorised to sign the Application Form or give **electronic application instructions** as that other person's agent.

Except where you are a nominee and provide the information required to be provided in your application, **all** of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together or any of your joint applicants:

- make more than one application (whether individually or jointly with others) on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated HK eIPO White Form Service Provider through the **HK eIPO White Form** service; or
- apply (whether individually or jointly with others) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give **electronic application instructions** to HKSCC or to the designated HK eIPO White Form Service Provider through the **HK eIPO White Form** service; or
- apply (whether individually or jointly with others) on one **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated HK eIPO White Form Service Provider through the **HK eIPO White Form** service for more than 46,590,000 Shares, being 50.0% of the Hong Kong Offer Shares initially being offered for public subscription under the Hong Kong Public Offer, as more particularly described in the section entitled "Structure of the Global Offering — Hong Kong Public Offer"; or
- make electronic application instructions through the **HK eIPO White Form** service that are not completed in accordance with the instructions, terms and conditions set out in the designated website at www.hkeipo.hk; or
- have applied for or taken up, or indicated an interest for, or will apply for or take up, or indicate an interest for, and have received or placed or allotted (including conditionally and/or provisionally) any International Offer Shares under the International Placing or otherwise participated in the International Placing.

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All of your applications will also be rejected as multiple applications if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated HK eIPO White Form Service Provider through the **HK eIPO White Form** service is made for your **benefit** (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

Unlisted company means a company with no equity securities listed on the Stock Exchange.

Statutory control in relation to a company means you:

- control the composition of the board of directors of the company; or
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

7. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK\$2.50 per Offer Share. You must also pay brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. This means that for every board lot of 2,000 Shares, you will pay approximately HK\$5,050.40. The Application Forms have tables showing the exact amount payable for the numbers of Hong Kong Offer Shares that may be applied for. Your application must be for a minimum of 2,000 Shares. Applications must be in one of the numbers set out in the tables in the Application Forms. No application for any other number of Shares will be considered and any such application is liable to be rejected.

You must pay the maximum Offer Price, and related brokerage, SFC transaction levy and Stock Exchange trading fee in full when you apply for the Hong Kong Offer Shares. You must pay the amount payable upon application for Hong Kong Offer Shares by one cheque or one banker's cashier order in accordance with the terms set out in the Application Form (if you apply by an Application Form) or this prospectus.

If your application is successful, brokerage is paid to the Stock Exchange or participants of the Stock Exchange (as the case may be) and the SFC transaction levy and Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected on behalf of the SFC).

8. WHEN MAY APPLICATION BE MADE

Applications on **WHITE** and **YELLOW** Application Forms

Completed **WHITE** or **YELLOW** Application Forms, together with payment attached, must be lodged by 12:00 noon on Thursday, 23 June 2011, or, if application lists are not open on that day, then by the time and date stated in the section headed "Effect of bad weather on the opening of the application lists" below.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Your completed Application Form, together with payment attached, should be deposited in the special collection boxes provided at any of the branches of The Hongkong and Shanghai Banking Corporation Limited (please refer to the section headed “Where to collect the Application Forms” above) at the following times:

Monday, 20 June 2011 — 9:00 a.m. to 4:30 p.m.
Tuesday, 21 June 2011 — 9:00 a.m. to 4:30 p.m.
Wednesday, 22 June 2011 — 9:00 a.m. to 4:30 p.m.
Thursday, 23 June 2011 — 9:00 a.m. to 12:00 noon

The application lists will open from 11:45 a.m. to 12:00 noon on Thursday, 23 June 2011.

No proceedings will be taken on applications for the Shares and no allotment of any such Shares will be made until the closing of the application lists. No allotment of any of the Shares will be made later than Wednesday, 20 July 2011.

Electronic application instructions to HKSCC through CCASS

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Monday, 20 June 2011 — 9:00 a.m. to 8:30 p.m.⁽¹⁾
Tuesday, 21 June 2011 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Wednesday, 22 June 2011 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Thursday, 23 June 2011 — 8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 20 June 2011 until 12:00 noon on Thursday, 23 June 2011 (24 hours daily, except the last application day).

Application through HK eIPO White Form

Please refer to the section headed “Applying through HK eIPO White Form”.

9. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning signal,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 23 June 2011. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

Business Day means a day that is not a Saturday, Sunday or a public holiday in Hong Kong.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If the application lists of the Hong Kong Public Offer do not open and close on Thursday, 23 June 2011 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong on the other dates mentioned in the section headed “Expected Timetable” in this prospectus, such dates mentioned in the section headed “Expected Timetable” in this prospectus may be affected. An announcement will be made in such event.

10. PUBLICATION OF RESULTS

We expect to announce the Offer Price, the level of indication of interest in the International Placing, the basis of allotment of the Hong Kong Offer Shares, the results of applications under the Hong Kong Public Offer and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offer no later than 9:00 a.m. on Wednesday, 29 June 2011 and in the manner specified below:

- on the website of the Stock Exchange (www.hkex.com.hk); and
- on the website of our Company for at least five consecutive days (www.cohl.hk and www.cohl.com.hk).

A notification announcement under Rule 2.17A of the Listing Rules which also includes the Offer Price, an indication of the level of interest in the International Placing, the level of applications of the Hong Kong Public Offer and the basis of allocation of the Hong Kong Offer Shares will be published by us on Wednesday, 29 June 2011 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese).

In addition, we expect to announce the results of applications and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offer at the times and dates and in the manner specified below:

- Results of allocations for the Hong Kong Public Offer will be available from our designated results of allocations website at www.tricor.com.hk/ipo/result on a 24-hour basis from 8:00 a.m. on Wednesday, 29 June 2011 to 12:00 midnight on Friday, 8 July 2011. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application to search for his/her/its own allocation result;
- Results of allocations will be available from our Hong Kong Public Offer allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Hong Kong Offer Shares allocated to them, if any, by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, 29 June 2011 to Wednesday, 6 July 2011 (excluding Saturday, Sunday and public holidays); and
- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from Wednesday, 29 June 2011 to Monday, 4 July 2011 at all the receiving bank branches and sub-branches at the addresses set out in the section headed “How to Apply for Hong Kong Offer Shares — Where to collect the Application Forms” above.

HOW TO APPLY FOR HONG KONG OFFER SHARES

11. REFUND OF APPLICATION MONIES

If you do not receive any Hong Kong Offer Shares for any reasons, our Company will refund your application monies, including the related brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. No interest will be paid on the application monies.

If your application is accepted only in part, our Company will refund to you the appropriate portion of your application monies, including the related brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, without interest.

If the Offer Price as finally determined is less than the price per Hong Kong Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) initially paid on application, our Company will refund to you the surplus application monies, together with the related brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% attributable to the surplus application monies, without interest.

All interest accrued before the date of despatch of refund cheques will be retained for our benefit.

In a contingency situation involving a substantial over-subscription, at the discretion of our Company and the Sole Global Coordinator, cheques for applications for certain small denominations of Hong Kong Offer Shares (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on Wednesday, 29 June 2011 in accordance with the various arrangements as described in this section.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

Full details of the circumstances in which you will not be allotted the Hong Kong Offer Shares are set out in the notes attached to the Application Forms (whether you are making your application by an Application Form or electronically instructing HKSCC to cause HKSCC Nominees to apply on your behalf), and you should read them carefully. You should note in particular the following situations in which the Hong Kong Offer Shares will not be allotted to you:

If your application is revoked:

By completing and submitting an Application Form or giving an **electronic application instruction** to HKSCC or to the designated HK eIPO White Form Service Provider through **HK eIPO White Form** service, you agree that your application or the application made by HKSCC Nominees or the HK eIPO White Form Service Provider on your behalf may not be revoked on or before Wednesday, 20 July 2011 unless a person responsible for this prospectus under section 40 of the Companies Ordinance (as applied by section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits the responsibility for that person for this prospectus. This agreement will take effect as a collateral contract with us, and will become binding when you lodge your Application Form or submit your electronic application instructions to HKSCC and an application has been made by HKSCC Nominees on your behalf accordingly or to the HK eIPO White Form Service Provider. This collateral contract will be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before Wednesday, 20 July 2011 except by means of one of the procedures referred to in this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees or the HK eIPO White Form Service Provider on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the announcement of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

Full discretion of our Company, the Sole Global Coordinator or the designated HK eIPO White Form Service Provider (where applicable) or their agents and nominees to reject or accept your application:

Our Company, the Sole Global Coordinator (as agent for our Company) or the designated HK eIPO White Form Service Provider (where applicable), or their respective agents and nominees, have full discretion to reject or accept any application, or to accept only part of any application. No reasons have to be given for any rejection or acceptance.

If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** to HKSCC or apply by a **YELLOW Application Form** or apply through **HK eIPO White Form** service through the designated HK eIPO White Form Service Provider) will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Offer Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee of the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

You will not receive any allotment if:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you apply for have applied for or taken up, or indicated an interest for or received, or have been or will be placed or allocated (including conditionally and/or provisionally) any International Offer Shares under the International Placing. By filling in any of the Application Forms or apply by giving **electric application instructions** to HKSCC or apply by **HK eIPO White Form** through the designated **HK eIPO White Form Service Provider**, you agree not to apply for Hong Kong Offer Shares as well as International Offer Shares in the International Placing. Reasonable steps will be taken to identify and reject

HOW TO APPLY FOR HONG KONG OFFER SHARES

applications in the Hong Kong Public Offer from investors who have received International Offer Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offer:

- your electronic application instructions through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions set out in the designated website at www.hkeipo.hk;
- your payment is not made correctly;
- you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured upon its first presentation;
- your Application Form is not completed in accordance with the instructions as stated in the Application Form (if you apply by an Application Form);
- our Company or the Sole Global Coordinator believes that by accepting your application, this would violate the applicable securities or other laws, rules or regulations of the jurisdiction in which your application is completed and/or signed or your address is located;
- if you apply for more than 50.0% of the Hong Kong Offer Shares initially being offered in the Hong Kong Public Offer for subscription (that is 46,590,000 Shares);
- the Underwriting Agreements do not become unconditional; or
- the Underwriting Agreements are terminated in accordance with their respective terms.

You should also note that you may apply for Hong Kong Offer Shares under the Hong Kong Public Offer or indicate an interest for International Offer Shares under the International Placing, but may not do both.

13. DESPATCH/COLLECTION OF SHARE CERTIFICATES/e-AUTO REFUND PAYMENT INSTRUCTIONS/ REFUND CHEQUES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the initial price per Offer Share (excluding the related brokerage, SFC transaction levy and Stock Exchange trading fee) initially paid on application, or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offer" or if any application is revoked or any allotment under the application has become void, the application monies, or the appropriate portion of the application monies, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

No temporary document of title will be issued in respect of the Hong Kong Offer Shares. No receipt will be issued for sums paid on application but, subject to personal collection as mentioned below, in due course they will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- (a) for applications on **WHITE** Application Forms or by giving electronic application instructions through the **HK eIPO White Form** service: (i) Share certificate(s) for all the Hong Kong Offer Shares applied for, if the application is wholly successful; or (ii) Share certificate(s) for the

HOW TO APPLY FOR HONG KONG OFFER SHARES

number of Hong Kong Offer Shares successfully applied for, if the application is partially successful. For wholly successful and partially successful applications on **YELLOW** Application Forms: Share certificates for Shares successfully applied for will be deposited into CCASS as described below; and/or

- (b) for applications on **WHITE** or **YELLOW** Application Forms or by giving electronic application instructions through the **HK eIPO White Form** service, refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Hong Kong Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the initial price per Offer Share paid on application if the Offer Price is less than the price per Offer Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interest.

Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data could also be transferred to a third party for refund purpose. Your bank may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card/passport number may lead to delay in encashment of, or may invalidate, your refund cheque.

Subject to personal collection as mentioned below, refund cheque for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the price per Offer Share initially paid on application (if any) under **WHITE** or **YELLOW** Application Forms or by giving electronic application instructions through the **HK eIPO White Form** service; and Shares certificates for wholly and partially successful applicants under **WHITE** Application Forms or by giving electronic application instructions through the **HK eIPO White Form** service are expected to be posted on or around Wednesday, 29 June 2011. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s).

Share certificates will only become valid certificates of title at 8:00 a.m. on the Listing Date provided that the Hong Kong Public Offer has become unconditional in all respects and the right of termination described in the section entitled “Underwriting — Grounds for termination” has not been exercised.

(a) If you apply using a WHITE Application Form:

If you apply for 1,000,000 Hong Kong Offer Shares or more on a **WHITE** Application Form and have indicated your intention in your Application Form to collect your refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) from the Share Registrar and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and Share certificate(s) (where applicable) from the Share Registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 29 June 2011 or such other date as notified

HOW TO APPLY FOR HONG KONG OFFER SHARES

by us in the newspapers as the date of collection/despatch of refund cheques/Share certificates. If you are an individual who opts for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant that opts for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Share Registrar. If you do not collect your refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) personally within the time specified for collection, they will then be sent to the address as specified in your Application Form promptly by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares or if you apply for 1,000,000 Hong Kong Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) in person, your refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) will be sent to the address on your Application Form on Wednesday, 29 June 2011, by ordinary post and at your own risk.

(b) If you apply using a YELLOW Application Form:

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form on Wednesday, 29 June 2011, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant) for Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant, we expect to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offer in the manner described in "How to Apply for Hong Kong Offer Shares — Publication of Results" on Wednesday, 29 June 2011. You should check the announcement made by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 29 June 2011, or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your CCASS Investor Participant stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you have applied for 1,000,000 Hong Kong Offer Shares or more and have not indicated on your Application Forms that you will collect your refund cheque(s) (if any) in person, or you have applied for less than 1,000,000 Hong Kong Offer Shares or if your application is rejected, not accepted or accepted in part only, or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with the section headed “Structure of the Global Offering — Conditions of the Hong Kong Public Offer” in this prospectus, or if your application is revoked or any allotment under the application has become void, your refund cheque(s) (where applicable) in respect of the application monies or the appropriate portion of the application monies, together with the related brokerage, SFC transaction levy, Stock Exchange trading fee, if any, (without interest) will be sent to the address on your Application Form on Wednesday, 29 June 2011 by ordinary post and at your own risk.

(c) If you apply through HK eIPO White Form:

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **HK eIPO White Form** service by submitting an electronic application to the designated HK eIPO White Form Service Provider through the designated website at www.hkeipo.hk and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) in person from our Share Registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 29 June 2011, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/refund cheques.

If you do not collect Share certificate(s) and/or refund cheque(s) personally within the time specified for collection, they will then be sent to the address specified in your application instructions to the designated HK eIPO White Form Service Provider promptly, by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions to the designated HK eIPO White Form Service Provider through the designated website at www.hkeipo.hk on Wednesday, 29 June 2011, by ordinary post and at your own risk.

If you paid the application monies from a single bank account, e-Auto Refund payment instructions (if any) will be despatched to your application payment bank account on Wednesday, 29 June 2011.

If you used multi-bank accounts to pay the application monies, refund cheque (if any) will be despatched to the address specified in your application instructions to the designated HK eIPO White Form Service Provider on Wednesday, 29 June 2011, by ordinary post and at your own risk.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the designated HK eIPO White Form Service Provider set out above in “— Applying through HK eIPO White Form — Additional information”.

(d) If you apply by giving electronic application instructions to HKSCC:

Allocation for Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each persons for whose benefit each such instructions is given will be treated as an applicant.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Deposit of Share certificates into CCASS and refund of application monies

No temporary document of title will be issued. No receipt will be issued for application monies received.

If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account on Wednesday, 29 June 2011, or, in the event under a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.

We expect to make available the Offer Price, the application results of CCASS Participant (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner, if supplied), your Hong Kong identity card/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offer in the manner described in “How to Apply for Hong Kong Offer Shares — Publication of Results” and to publish the basis of allotment of the Hong Kong Offer Shares in the newspapers on Wednesday, 29 June 2011. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 29 June 2011 or such other date as shall be determined by HKSCC or HKSCC Nominees.

If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time) on Wednesday, 29 June 2011. Immediately after the credit of the Hong Kong Offer Shares to your CCASS Investor Participant stock account and the credit of refund monies to your designated bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the price per Offer Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 29 June 2011. No interest will be paid on the application monies.

HOW TO APPLY FOR HONG KONG OFFER SHARES

14. COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on Thursday, 30 June 2011.

The Shares will be traded in board lots of 2,000 each. The stock code of the Shares is 1146.

15. SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the full text of a report, prepared for the purpose of incorporation in this prospectus, received from the independent reporting accountants of our Company, Ernst & Young, Certified Public Accountants, Hong Kong.



18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

20 June 2011

The Directors
China Outfitters Holdings Limited
UBS AG, Hong Kong Branch

Dear Sirs,

We set out below our report on the financial information (the “Financial Information”) relating to China Outfitters Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for each of the three years ended 31 December 2008, 2009 and 2010 (the “Track Record Period”), prepared on the basis of presentation set out in note 2 of Section II below, for inclusion in the prospectus of the Company dated 20 June 2011 (the “Prospectus”) in connection with the proposed initial listing (the “Listing”) of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 7 March 2011 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. As part of a group reorganisation (the “Reorganisation”) as detailed in “Statutory and General Information — Corporate Reorganisation” in Appendix VI to this Prospectus, the Company became the holding company of the subsidiaries comprising the Group. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation. Details of the Company’s interests in its subsidiaries as at the date of this report are set out in note 1 of Section II below.

The Group is principally engaged in the business of the design, manufacturing, marketing and sale of apparel products and accessories in the People’s Republic of China (the “PRC”, or Mainland China, which excludes for the purpose of this report, the Hong Kong Special Administrative Region of the PRC or Hong Kong, the Macau Special Administrative Region of the PRC or Macau, and Taiwan), with a focus on menswear.

All companies now comprising the Group have adopted 31 December as their financial year end date. As at the date of this report, no audited financial statements have been prepared for the Company and its subsidiary incorporated in the British Virgin Islands (the “BVI”) since their respective dates of incorporation as there is no statutory requirement for them to prepare audited financial statements under the relevant rules and regulations in their respective jurisdiction of

incorporation. The statutory accounts or management accounts of the Group's subsidiaries established in Hong Kong and the PRC were prepared in accordance with the relevant accounting principles applicable to these companies in their respective jurisdiction and audited by certified public accountants as detailed in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the "Directors") have prepared the combined financial statements of the Group for the Track Record Period (the "Combined Financial Statements") in accordance with International Financial Reporting Standards (the "IFRSs", which include all International Financial Reporting Standards, International Accounting Standards (the "IAS") and Interpretations) issued by the International Accounting Standards Board (the "IASB").

The Financial Information, which comprises the combined statements of comprehensive income, the combined statements of cash flows and the combined statements of changes in equity of the Group for the Track Record Period, and the combined statements of financial position of the Group as at 31 December 2008, 2009 and 2010, together with the notes thereon, has been prepared from the Combined Financial Statements and in accordance with the basis set out in note 2 of Section II below with no adjustments made thereon.

Respective responsibility of the Directors and reporting accountants

The Directors are responsible for the preparation of the Combined Financial Statements and the Financial Information that give a true and fair view in accordance with IFRSs and for such internal control as the Directors determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

It is our responsibility to form an independent opinion, based on our audit, on the Financial Information and to report our opinion thereon to you.

Procedures performed in respect of the Financial Information of the Track Record Period

The Combined Financial Statements for each of the three years ended 31 December 2008, 2009 and 2010 were audited by us in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). For the purpose of this report, we have also carried out additional procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

Opinion in respect of the Financial Information of the Track Record Period

In our opinion, the Financial Information for the Track Record Period prepared on the basis of presentation set out in note 2 of Section II below, gives, for the purpose of this report, a true and fair view of the combined state of affairs of the Group as at 31 December 2008, 2009 and 2010, and of the combined results and cash flows of the Group for each of the Track Record Period.

I FINANCIAL INFORMATION

(A) COMBINED STATEMENTS OF COMPREHENSIVE INCOME

| | Notes | Year ended 31 December | | |
|---|-------|------------------------|----------------|----------------|
| | | 2008 | 2009 | 2010 |
| | | RMB'000 | RMB'000 | RMB'000 |
| REVENUE..... | 7 | 505,934 | 648,918 | 909,991 |
| Cost of sales..... | | (150,190) | (190,592) | (215,735) |
| Gross profit..... | | 355,744 | 458,326 | 694,256 |
| Other income and gains, net..... | 7 | 10,150 | 14,425 | 15,178 |
| Selling and distribution costs..... | | (198,601) | (230,150) | (284,771) |
| Administrative expenses..... | | (46,907) | (40,701) | (43,368) |
| Other expenses..... | | (2,033) | (3,306) | (11,838) |
| Operating profit..... | | 118,353 | 198,594 | 369,457 |
| Finance income..... | 8 | 1,549 | 3,162 | 5,843 |
| Finance costs..... | 9 | (110) | — | — |
| PROFIT BEFORE TAX..... | 10 | 119,792 | 201,756 | 375,300 |
| Income tax expense..... | 13 | (29,011) | (53,485) | (111,393) |
| PROFIT FOR THE YEAR..... | | <u>90,781</u> | <u>148,271</u> | <u>263,907</u> |
| OTHER COMPREHENSIVE INCOME | | | | |
| Exchange differences on translation of foreign operations..... | | <u>2,827</u> | <u>283</u> | <u>1,173</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX..... | | <u>93,608</u> | <u>148,554</u> | <u>265,080</u> |
| Profit attributable to: | | | | |
| Owners of the Company..... | | 80,456 | 150,168 | 262,573 |
| Non-controlling interests..... | | <u>10,325</u> | <u>(1,897)</u> | <u>1,334</u> |
| | | <u>90,781</u> | <u>148,271</u> | <u>263,907</u> |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company..... | | 83,283 | 150,451 | 263,746 |
| Non-controlling interests..... | | <u>10,325</u> | <u>(1,897)</u> | <u>1,334</u> |
| | | <u>93,608</u> | <u>148,554</u> | <u>265,080</u> |

(B) COMBINED STATEMENTS OF FINANCIAL POSITION

| | Notes | 31 December | | |
|---|-------|----------------|----------------|----------------|
| | | 2008 | 2009 | 2010 |
| | | RMB'000 | RMB'000 | RMB'000 |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | 15 | 68,066 | 74,833 | 82,358 |
| Prepaid land lease payments | 16 | 30,864 | 30,206 | 29,548 |
| Investment properties | 17 | 1,747 | 5,319 | 5,712 |
| Goodwill | 18 | 70,697 | 70,697 | 70,697 |
| Other intangible assets | 19 | 32,405 | 82,635 | 71,102 |
| Deferred tax assets | 21 | 5,131 | 16,680 | 23,343 |
| Total non-current assets | | <u>208,910</u> | <u>280,370</u> | <u>282,760</u> |
| CURRENT ASSETS | | | | |
| Inventories | 22 | 154,347 | 147,020 | 212,862 |
| Trade and bills receivables | 23 | 55,538 | 66,712 | 90,505 |
| Prepayments, deposits and other receivables | 24 | 26,733 | 33,747 | 46,454 |
| Pledged bank deposits | 25 | 8,423 | 14,660 | 14,812 |
| Cash and cash equivalents | 25 | 159,993 | 330,926 | 607,090 |
| Total current assets | | <u>405,034</u> | <u>593,065</u> | <u>971,723</u> |
| CURRENT LIABILITIES | | | | |
| Trade and bills payables | 26 | 24,409 | 28,213 | 49,486 |
| Deposits received, other payables and accruals | 27 | 54,838 | 73,245 | 150,251 |
| Amounts due to related parties | 34 | 211,467 | 177,680 | 146,267 |
| Tax payable | | 70,067 | 119,408 | 164,689 |
| Total current liabilities | | <u>360,781</u> | <u>398,546</u> | <u>510,693</u> |
| NET CURRENT ASSETS | | <u>44,253</u> | <u>194,519</u> | <u>461,030</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | | |
| | | <u>253,163</u> | <u>474,889</u> | <u>743,790</u> |
| NON-CURRENT LIABILITY | | | | |
| Deferred tax liabilities | 21 | 17,002 | 14,573 | 18,394 |
| Net assets | | <u>236,161</u> | <u>460,316</u> | <u>725,396</u> |

| | Notes | 31 December | | |
|--|-------|----------------|----------------|----------------|
| | | 2008 | 2009 | 2010 |
| | | RMB'000 | RMB'000 | RMB'000 |
| EQUITY | | | | |
| Equity attributable to owners of the Company | | | | |
| Issued capital..... | 28 | — | — | — |
| Reserves | 29 | 231,661 | 432,513 | 696,259 |
| | | 231,661 | 432,513 | 696,259 |
| Non-controlling interests..... | | 4,500 | 27,803 | 29,137 |
| Total equity..... | | <u>236,161</u> | <u>460,316</u> | <u>725,396</u> |

(C) COMBINED STATEMENTS OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | | | | | |
|---|---------------------------------------|--------------------------|--------------------------|---------------------------|------------------------------|------------------|-----------|---------------------------|--------------|
| | Issued capital | Merger reserve | Acquisition reserve | Statutory surplus reserve | Exchange fluctuation reserve | Retained profits | Total | Non-controlling interests | Total equity |
| | RMB'000 (note 28) | RMB'000 (note 29 (a)) | RMB'000 (note 29 (b)) | RMB'000 (note 29 (c)) | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At 1 January 2008 | — | 195,351 | (10,772) | 1,059 | 394 | 21,091 | 207,123 | 78,916 | 286,039 |
| Total comprehensive income for the year | — | — | — | — | 2,827 | 80,456 | 83,283 | 10,325 | 93,608 |
| Acquisition of non-controlling interests | — | — | (115,092) | — | — | — | (115,092) | (89,241) | (204,333) |
| Reserve arising from Reorganisation | — | 56,347 | — | — | — | — | 56,347 | — | 56,347 |
| Contribution from a non-controlling shareholder of a subsidiary | — | — | — | — | — | — | — | 4,500 | 4,500 |
| Appropriations to statutory surplus reserve | — | — | — | 93 | — | (93) | — | — | — |
| At 31 December 2008 and 1 January 2009 | — | 251,698* | (125,864)* | 1,152* | 3,221* | 101,454* | 231,661 | 4,500 | 236,161 |
| Total comprehensive income for the year | — | — | — | — | 283 | 150,168 | 150,451 | (1,897) | 148,554 |
| Reserve arising from Reorganisation | — | 50,401 | — | — | — | — | 50,401 | 25,200 | 75,601 |
| Appropriations to statutory surplus reserve | — | — | — | 177 | — | (177) | — | — | — |
| At 31 December 2009 and 1 January 2010 | — | 302,099* | (125,864)* | 1,329* | 3,504* | 251,445* | 432,513 | 27,803 | 460,316 |
| Total comprehensive income for the year | — | — | — | — | 1,173 | 262,573 | 263,746 | 1,334 | 265,080 |
| Appropriations to statutory surplus reserve | — | — | — | 10,642 | — | (10,642) | — | — | — |
| At 31 December 2010 | — | 302,099* | (125,864)* | 11,971* | 4,677* | 503,376* | 696,259 | 29,137 | 725,396 |

* These components of equity comprise the combined reserve of RMB231,661,000, RMB432,513,000 and RMB696,259,000 in the combined statements of financial position as at 31 December 2008, 2009 and 2010, respectively.

(D) COMBINED STATEMENTS OF CASH FLOWS

| | Notes | Year ended 31 December | | |
|---|-------|------------------------|----------|-----------|
| | | 2008 | 2009 | 2010 |
| | | RMB'000 | RMB'000 | RMB'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit before tax | | 119,792 | 201,756 | 375,300 |
| Adjustments for: | | | | |
| Bank interest income | 8 | (1,549) | (3,162) | (5,843) |
| Finance costs | 9 | 110 | — | — |
| Gain on disposal of items of property, plant and equipment, net | 10 | — | (297) | — |
| Depreciation of items of property, plant and equipment | 10 | 4,042 | 5,126 | 6,096 |
| Depreciation of investment properties | 10 | — | 59 | 152 |
| Amortisation of prepaid land lease payments | 10 | 618 | 658 | 658 |
| Amortisation of intangible assets | 10 | 27,737 | 19,371 | 4,713 |
| Impairment of intangible assets | 10 | — | — | 4,357 |
| Write-down of inventories to net realisable value | 10 | 37,968 | 40,521 | 37,236 |
| Impairment/(reversal of impairment) of trade receivables | 10 | 2,033 | (838) | 185 |
| | | 190,751 | 263,194 | 422,854 |
| Increase in inventories | | (53,764) | (33,194) | (103,078) |
| Decrease/(increase) in trade and bills receivables | | 13,471 | (10,336) | (23,978) |
| Decrease/(increase) in prepayments, deposits and other receivables | | (6,460) | 506 | (14,295) |
| Increase/(decrease) in trade and bills payables | | (2,249) | 3,804 | 21,273 |
| Increase in deposits received, other payables and accruals | | 18,059 | 23,207 | 77,006 |
| Cash received from operations | | 159,808 | 247,181 | 379,782 |
| Withholding tax paid | | — | — | (4,789) |
| PRC corporate income tax paid | | (4,474) | (18,122) | (64,165) |
| Net cash flows from operating activities | | 155,334 | 229,059 | 310,828 |

| | Notes | Year ended 31 December | | |
|---|-------|------------------------|-----------------------|-----------------------|
| | | 2008 | 2009 | 2010 |
| | | RMB'000 | RMB'000 | RMB'000 |
| Net cash flows from operating activities | | <u>155,334</u> | <u>229,059</u> | <u>310,828</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchases of items of property, plant and equipment | | (11,872) | (19,761) | (11,134) |
| Proceeds from disposal of items of property, plant and equipment | | — | 645 | 32 |
| Additions to prepaid land lease payments . . . | 16 | (6,707) | — | — |
| Additions to investment properties | 17 | (1,747) | (3,631) | (545) |
| Decrease in pledged bank deposits with original maturity of over three months when acquired | | 1,500 | — | — |
| Decrease/(increase) in short-term deposits with original maturity of over three months | | (5,000) | (23,000) | 14,820 |
| Interest received | | 1,549 | 3,162 | 4,911 |
| Acquisition of subsidiaries before the Track Record Period | | — | (4,800) | — |
| Acquisition of non-controlling interests | | <u>(171,500)</u> | <u>—</u> | <u>—</u> |
| Net cash flows from/(used in) investing activities | | <u>(193,777)</u> | <u>(47,385)</u> | <u>8,084</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of bank loans | | (5,000) | — | — |
| Increase/(decrease) in amounts due to related parties | | 195,684 | (33,787) | (31,413) |
| Interest paid | | (110) | — | — |
| Capital contributions from a non-controlling shareholder of a subsidiary | | 4,500 | — | — |
| Contribution from owners of the Company . | | — | 6,000 | — |
| Dividends paid to owners of the Company . . | | <u>(23,040)</u> | <u>—</u> | <u>—</u> |
| Net cash flows from/(used in) financing activities | | <u>172,034</u> | <u>(27,787)</u> | <u>(31,413)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 133,591 | 153,887 | 287,499 |
| Effect of foreign exchange rate changes, net . | | 2,827 | 283 | 3,637 |
| Cash and cash equivalents at beginning of year | | <u>26,998</u> | <u>163,416</u> | <u>317,586</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | <u><u>163,416</u></u> | <u><u>317,586</u></u> | <u><u>608,722</u></u> |

| | Notes | Year ended 31 December | | |
|---|-------|------------------------|-----------------|-----------------|
| | | 2008 | 2009 | 2010 |
| | | RMB'000 | RMB'000 | RMB'000 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | | |
| Cash and bank balances | | 62,493 | 268,926 | 173,910 |
| Time deposits | | <u>97,500</u> | <u>62,000</u> | <u>433,180</u> |
| Cash and cash equivalents as stated in the combined statements of financial position | 25 | 159,993 | 330,926 | 607,090 |
| Time deposits with original maturity of less than three months when acquired, pledged as security for bank acceptance notes | | 8,423 | 14,660 | 14,812 |
| Less: time deposits with original maturity of over three months | | <u>(5,000)</u> | <u>(28,000)</u> | <u>(13,180)</u> |
| Cash and cash equivalents as stated in the combined statements of cash flows | | <u>163,416</u> | <u>317,586</u> | <u>608,722</u> |

II NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION AND GROUP REORGANISATION

The Company was incorporated in the Cayman Islands on 7 March 2011 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9005, Cayman Islands. The address of its principal place of business is Room 610, East Ocean Centre, 98 Granville Road, Tsim Sha Tsui East, Kowloon, Hong Kong. The authorised share capital of the Company is 100,000,000,000 Hong Kong dollars (“HK\$”) divided into 100,000,000,000 shares of HK\$1 each. The share capital of the Company was subsequently sub-divided into 1,000,000,000,000 shares of HK\$0.10 each.

In the opinion of the Directors, as of the date of this report, the holding company of the Company is CEC Outfitters Limited (“CEC Outfitters”), a company incorporated in the British Virgin Islands.

As part of the Reorganisation as detailed in “Statutory and General Information — Corporate Reorganisation” in Appendix VI to this Prospectus, the Company became the holding company of the subsidiaries now comprising the Group.

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which have substantially similar characteristics to a private company incorporated in Hong Kong, the particulars of which are set out below:

| Company name | Place and date of incorporation/ registration | Issued capital | Percentage of equity attributable to the Company | | Principal activities |
|--|--|----------------|--|----------|--|
| | | | Direct | Indirect | |
| | | | % | % | |
| Doright Group Limited (1) | BVI 30 October 2009 | US\$1 | 100 | — | Investment holding |
| CEC Menswear Limited (“CEC Menswear HK”) (2) | Hong Kong 11 July 2006 | HK\$100 | — | 100 | Investment holding |
| Faith Enterprise Limited (“Faith Enterprise”) (2) | Hong Kong 5 June 2006 | HK\$100 | — | 100 | Investment holding |
| Sky Trend Hong Kong Investment Limited (“Sky Trend”) (3) | Hong Kong 24 October 2007 | HK\$10,000 | — | 100 | Investment holding |
| Shinemax Corporation Limited (“Shinemax”) (2) | Hong Kong 26 October 2006 | HK\$1 | — | 100 | Corporate office |
| London Fog (China) Limited (“London Fog (China)”) (5) | Hong Kong 26 February 2009 | RMB9,000,000 | — | 66.67 | Holding trademarks and investment holding |
| Shanghai Doright Fashion Co., Ltd. (上海同瑞服飾有限公司)# (6) (“Shanghai Doright”)* | PRC 6 August 2003 | US\$8,500,000 | — | 100 | Manufacturing and sale of menswear and accessories |
| Dezhou Sino-Union Garment Co., Ltd. (德州中合服飾有限公司)# (7) (“Dezhou Sino-Union”)* | PRC 6 January 2005 | US\$600,000 | — | 100 | Manufacturing and sale of menswear and accessories |
| Guangdong Leaderway Garment Co., Ltd. (廣東利威制衣有限公司)# (8)* | PRC 25 March 1999 | RMB3,000,000 | — | 100 | Manufacturing and sale of menswear and accessories |

| Company name | Place and date of incorporation/ registration | Issued capital | Percentage of equity attributable to the Company | | Principal activities |
|--|--|----------------|--|----------|--|
| | | | Direct | Indirect | |
| | | | % | % | |
| Shanghai Baowei Fashion Co., Ltd. (上海保威服飾有限公司)# (9)* | PRC 5 April 1999 | RMB1,000,000 | — | 100 | Sale of menswear and accessories |
| Shanghai Bolderway Fashion Co., Ltd. (上海保德威服飾有限公司)# (9)* | PRC 28 November 2001 | RMB6,000,000 | — | 100 | Sale of menswear and accessories |
| Beijing Bolderway Fashion Co., Ltd. (北京保德威服飾有限公司)# (10)* | PRC 28 November 2003 | RMB3,000,000 | — | 100 | Sale of menswear and accessories |
| Sichuan Bolderway Trading Co., Ltd. (四川保德威商貿有限公司)# (11)* | PRC 19 March 2004 | RMB300,000 | — | 100 | Retail trading of menswear and accessories |
| Guangzhou Ruitang Trading Co., Ltd. (廣州瑞唐貿易有限公司)# (8)* | PRC 24 May 2004 | RMB500,000 | — | 100 | Retail trading of menswear and accessories |
| Shanghai Jiancheng Trading Co., Ltd. (上海簡成商貿有限公司)# (9)* | PRC 31 May 2004 | RMB3,000,000 | — | 100 | Sale of menswear and accessories |
| Shanghai Xunge Fashion Co., Ltd. (上海勛格服飾有限公司)# (9) | PRC 9 October 2008 | RMB10,000,000 | — | 55 | Sale of menswear and accessories |
| London Fog (Shanghai) Fashion Co., Ltd. (倫頓弗格(上海)服飾有限公司)# (4) | PRC 31 May 2009 | RMB10,000,000 | — | 80 | Sale of menswear and accessories |

The English names of the Company's subsidiaries incorporated/registered in the PRC represent the translated names of these companies as no English names have been registered.

* These companies hereinafter collectively referred to as the "PRC Doright Group".

Notes:

- (1) No statutory audited financial statements have been prepared for this company since its date of incorporation as it is not subject to any statutory audit requirements in its jurisdiction of incorporation.
- (2) The statutory financial statements of these companies for the year ended 31 December 2008 and 2009 were prepared under Hong Kong Financial Reporting Standards ("HKFRSs") and audited by Ernst & Young, certified public accountants registered in Hong Kong. The statutory audit of these companies for the year ended 31 December 2010 is still in progress.
- (3) The statutory financial statements of this company for the period from the date of incorporation to 31 December 2008 and the year ended 31 December 2009 were prepared under HKFRSs and audited by Ernst & Young, certified public accountants registered in Hong Kong. The statutory audit of this company for the year ended 31 December 2010 is still in progress.
- (4) The statutory financial statements of this company for the period from the date of incorporation to 31 December 2009 were prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") and audited by Ernst & Young Hua Ming Shenzhen Branch (安永華明會計師事務所深圳分所), certified public accountants registered in the PRC.
The statutory financial statements of this company for the year ended 31 December 2010 were prepared under PRC GAAP and audited by Ernst & Young Hua Ming Shenzhen Branch, certified public accountants registered in the PRC.
- (5) The statutory financial statements of this company for the period from the date of incorporation to 31 December 2009 were prepared under HKFRSs and audited by Ernst & Young, certified public accountants registered in Hong Kong. The statutory financial statements of this company for the year ended 31 December 2010 were prepared under HKFRSs and audited by Ernst & Young, certified public accountants registered in Hong Kong.

- (6) The statutory financial statements of this company for the years ended 31 December 2008 and 2009 were prepared under PRC GAAP and audited by Shanghai Haiming Certified Public Accountants (上海海明會計師事務所有限公司), certified public accountants registered in the PRC.
- The statutory financial statements of this company for the year ended 31 December 2010 were prepared under PRC GAAP and audited by Shanghai Zhongjian Certified Public Accountants (上海中鑾會計師事務所), certified public accountants registered in the PRC.
- (7) The statutory financial statements of this company for the years ended 31 December 2008, 2009 and 2010 were prepared under PRC GAAP and audited by Dezhou Tianqu Certified Public Accountants Co., Ltd. (德州天衢有限責任會計師事務所), certified public accountants registered in the PRC.
- (8) The statutory financial statements of these companies for the years ended 31 December 2008, 2009 and 2010 were prepared under PRC GAAP and audited by Guangzhou Junyang Certified Public Accountants Co., Ltd. (廣州君楊會計師事務所有限公司), certified public accountants registered in the PRC.
- (9) The statutory financial statements of these companies for the years ended 31 December 2008, 2009 and 2010 were prepared under PRC GAAP and audited by Shanghai Zhongjian Certified Public Accountants (上海中鑾會計師事務所有限公司), certified public accountants registered in the PRC.
- (10) The statutory financial statements of this company for the years ended 31 December 2008 and 2009 were prepared under PRC GAAP and audited by Beijing Xinghua Certified Public Accountants Co., Ltd. (北京興華會計師事務所有限公司), certified public accountants registered in the PRC. The statutory audit of this company for the year ended 31 December 2010 is still in progress.
- (11) The statutory financial statements of this company for the years ended 31 December 2008 and 2010 were prepared under PRC GAAP and audited by Sichuan Tianren Accounting Firms Co., Ltd. (四川天仁會計師事務所有限公司), certified public accountants registered in the PRC, and the statutory financial statements of this company for the year ended 31 December 2009 was prepared under PRC GAAP and audited by Sichuan Zhiyuan Certified Public Accountants (四川志遠會計師事務所), certified public accountants registered in the PRC.

2. BASIS OF PRESENTATION AND PREPARATION

As part of the Reorganisation as detailed in the section headed “Statutory and General Information — Corporate Reorganisation” in Appendix VI to this Prospectus, the Company became the holding company of the companies now comprising the Group. Since CEC Outfitters controlled the Group before and after the Reorganisation, for the purpose of this report, the Financial Information set out in this report has been prepared on a combined basis by applying the principles of pooling-of-interests as if the Reorganisation had been completed at the beginning of the Track Record Period.

The combined statements of comprehensive income, cash flows and changes in equity of the Group throughout the Track Record Period include the results and changes in equity and cash flows of all companies now comprising the Group, as if the current structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation or establishment, where this is a shorter period. The combined statements of financial position of the Group as at 31 December 2008, 2009 and 2010 have been prepared to present the state of affairs of the Group as if the current structure of the Group had been in existence and in accordance with the respective equity interests in the individual companies attributable to the Company as at the respective dates. Details of basis of combination using pooling-of-interests method are set out in note 4 of Section II below.

The Financial Information has been prepared in accordance with IFRSs. All IFRSs effective for the accounting periods commencing from 1 January 2008, 2009 and 2010, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Track Record Period. The accounting policies set out below have been consistently applied throughout the Track Record Period.

The Financial Information has been prepared under the historical cost convention. The Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

3. IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Financial Information:

| | |
|---------------------|--|
| IFRS 1 Amendment | Amendments to IFRS 1 <i>First-time Adoption of IFRSs — Limited exception from Comparatives IFRS 7 Disclosures for First-time Adopters</i> ² |
| IFRS 1 Amendments | Amendments to IFRS 7 <i>Financial Instruments: Disclosure</i> ⁴ |
| IFRS 7 Amendments | Amendments to IFRS 7 <i>Financial Instruments: Disclosure — Transfers of Financial Assets</i> ⁴ |
| IFRS 9 | <i>Financial Instruments</i> ⁶ |
| IAS 12 Amendments | Amendments to IAS 12 <i>Deferred Tax: Recovery of Underlying Assets</i> ⁵ |
| IAS 24 (Revised) | <i>Related Party Disclosures</i> ³ |
| IAS 32 Amendment | Amendment to IAS 32 <i>Financial Instruments: Presentation — Classification of Rights Issues</i> ¹ |
| IFRIC 14 Amendments | Amendments to IFRIC 14 <i>Prepayments of a Minimum Funding Requirement</i> ³ |
| IFRIC 19 | <i>Extinguishing Financial Liabilities with Equity Instruments</i> ² |

¹ Effective for annual periods beginning on or after 1 February 2010

² Effective for annual periods beginning on or after 1 July 2010

³ Effective for annual periods beginning on or after 1 January 2011

⁴ Effective for annual periods beginning on or after 1 July 2011

⁵ Effective for annual periods beginning on or after 1 January 2012

⁶ Effective for annual periods beginning on or after 1 January 2013

Apart from the above, the IASB has issued *Improvements to IFRSs 2010* in May 2010 which sets out a collection of amendments to IFRSs, primarily with a view to removing inconsistencies and clarifying wording. Except for the amendments to IFRS 3 and IAS 27 which are effective for annual periods beginning on or after 1 July 2010, the amendments to IFRS 1, IFRS 7, IAS 1, IAS 34 and IFRIC-13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard or interpretation.

The Group is in the process of making an assessment of the impact of these new, revised and amended IFRSs upon initial application. So far, save as not yet in a position to assess the possible impact of the adoption of the recently issued IFRS 9, IAS 24 (Revised), and IAS 32 Amendment, the Directors preliminarily anticipate that the adoption of these new and revised IFRSs is unlikely to have a significant impact on the Group's results of operations and financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Group in arriving at the Financial Information set out in this report, which conforms to IFRSs, are set out below:

Basis of combination

As aforementioned, the Group's Reorganisation is accounted for as business combination under common control using the polling-of-interests method.

The pooling-of-interests method involves incorporating the financial statement items of the combining entities or businesses which underwent the Reorganisation under common control as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are combined using the existing book values. No amount is recognised in respect of goodwill or excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of investment at the time of common control combination, to the extent of the combination of the controlling party's interest. The combined statements of comprehensive income included the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the Reorganisation under common control.

The acquisition of the PRC Doright Group in 2006, other than under the Reorganisation, has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combination to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Under the purchase method of accounting, the results of subsidiaries are combined from the date of acquisition, being the date on which the Group obtains control, and continue to be combined until the date that such control ceases.

All significant intra-group balances and transactions within the Group are eliminated on combination in full.

Non-controlling interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries, and are presented separately in the combined statements of comprehensive income and within equity in the combined statements of financial position, separated from the equity attributable to owners of the parent. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Goodwill

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU"), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a CGU (group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Subsidiaries

A subsidiary is an entity in which the Company, directly or indirectly controls, more than half of its voting power or issued share capital or controls the composition of its board of directors; or over which the Company has a contractual right to exercise a dominant influence with respect to that entity's financial and operating policies. The results of subsidiaries are included in the Company's statements of comprehensive income to the extent of dividends received and receivable.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets, goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or CGU's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the combined statements of comprehensive income in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to

determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the combined statements of comprehensive income in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;
- (b) the party is a member of the key management personnel of the Group or its parent;
- (c) the party is a close member of the family of any individual referred to in (a) or (b); or
- (d) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (b) or (c).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the combined statements of comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

| | |
|-------------------------------------|-----|
| Buildings | 2% |
| Plant and machinery | 9% |
| Motor vehicles. | 11% |
| Office and other equipment. | 19% |

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the combined statements of comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings and plant and machinery under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment or investment properties when completed and ready for use.

Investment properties

Investment properties include both completed investment properties and investment properties under construction. Completed investment properties are interests in land and building held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Investment properties under construction or development for future use as investment properties are classified as investment properties under construction. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided using the straight-line method to write off the cost of the investment properties over the lease terms. Where the carrying amount of an investment property is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the item can be measured reliably. All other repairs and maintenance costs are expensed in the combined statements of comprehensive income for period in which they are incurred.

Property under construction or development for future use as an investment property is classified as investment property under construction and is stated at cost less accumulated impairment losses, if any.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to definite is accounted for on a prospective basis.

Licensing agreements

Licensing agreements acquired in a business combination are stated at cost less any impairment losses and are amortised on the straight-line basis over their respective estimated life ranging from two to seven years.

Retail networks

Retail networks acquired in a business combination representing flagship stores and department stores operated by the PRC Doright Group at the acquisition date. The retail network are stated at cost less any impairment losses and are amortised on the straight line basis over their estimated useful lives of twenty years, being the operation tenure of the group companies engaged in the retail business.

Trademarks

The trademarks of “London Fog” are classified as intangible assets with an indefinite useful life. The Directors are of the opinion that the trademark will contribute cashflows for an indefinite period and the legal rights of the trademarks are capable of being renewed at minimal cost. The trademarks are stated at cost less any impairment losses.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the combined statements of comprehensive income on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the combined statements of comprehensive income on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets*Initial recognition and measurement*

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and cash equivalents, pledged bank deposits and trade and other receivables, which are classified as loans and receivables.

Subsequent measurement of loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the combined statements of comprehensive income. The loss arising from impairment is recognised in the combined statements of comprehensive income in "Other expenses".

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; and
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the combined statements of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the combined statements of comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amounts due to related parties that are categorised as loans and borrowings.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the combined statements of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the combined statements of comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the combined statements of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the combined statements of financial position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. These techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models or other valuation models.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the combined statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the combined statements of comprehensive income.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) subsidy income, on cash basis;
- (c) arrangement fees, on cash basis;
- (d) interest income, on accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and
- (e) rental income, on a time proportion basis over the lease terms.

Dividends

Final dividends proposed by the Directors are classified as a separate allocation of retained profits within the equity section of the combined statements of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared and consequently are recognised immediately as a liability when they are proposed and declared.

Other post employee benefits

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the combined statements of comprehensive income as they become payable in accordance with the rules of the central pension scheme.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the combined statements of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF scheme.

Foreign currencies

The Financial Information is presented in RMB, which the Company adopts as the presentation currency of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the combined statements of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain Hong Kong and overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their statements of comprehensive income are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the "Exchange fluctuation reserve". On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the combined statements of comprehensive income.

For the purpose of the combined statements of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Financial Information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgment, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Financial Information:

Operating lease commitments - Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary difference and all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 21 of Section II below to the Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Useful lives and residual values of property, plant and equipment

In determining the useful life and residual value of an item of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of the property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at the end of the reporting period based on changes in circumstances.

Useful lives of intangible assets

The Group determines the estimated useful lives and related amortisation charges for its intangible assets. Intangible assets with finite lives are amortised over the useful economic lives and assessed

for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of the reporting period.

Write-down of inventories to net realisable value

A write-down of inventories to net realisable value is made based on the estimated net realisable value of the inventories. The assessment of the write-down required involves management's judgment and estimates on market conditions. Where the actual outcome or expectation in future is different from the original estimate, the differences will have an impact on the carrying amounts of inventories and the write-down charge/write-back of inventories in the period in which the estimate has been changed.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the CGUs to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2008, 2009 and 2010 was RMB70,697,000, RMB70,697,000 and RMB70,697,000, respectively. More details are given in note 20 of Section II below to the Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 20 of Section II below to the Financial Information.

6. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the business of the design, manufacturing, marketing and sale of apparel products and accessories in the PRC, with a focus on menswear.

IFRS 8 *Operating Segment* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The information reported to the Directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, do not contain profit or loss information of each product

line and the Directors reviewed the financial result of the Group as a whole reported under IFRSs. Therefore, the operation of the Group constitutes one single reportable segment. Accordingly, no operating segment is presented.

All of the external revenues of the Group during the Track Record Period are contributable to customers established in the PRC, the place of domicile of the Group's operating entities. Since the principal non-current assets held by the Group are located in the PRC, no geographical information is presented in accordance with IFRS 8.

No revenues from a single external customer amount to 10% or more of the Group's revenue during the Track Record Period.

7. REVENUE AND OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold after trade discounts.

An analysis of revenue, other income and gains is as follows:

| | Year ended 31 December | | |
|------------------------------------|------------------------|----------------|----------------|
| | 2008 | 2009 | 2010 |
| | RMB'000 | RMB'000 | RMB'000 |
| Revenue | | | |
| Sale of goods..... | <u>505,934</u> | <u>648,918</u> | <u>909,991</u> |
| Other income and gains, net | | | |
| Government subsidies* | 6,173 | 7,104 | 10,103 |
| Arrangement fees# | 2,020 | 4,268 | 3,359 |
| Rental income, net | — | 44 | 222 |
| Sale of consumables, net | 1,901 | 2,722 | 1,419 |
| Others..... | <u>56</u> | <u>287</u> | <u>75</u> |
| | <u>10,150</u> | <u>14,425</u> | <u>15,178</u> |

* These represent incentive subsidies provided by local governments as a measure to attract investment in these localities. The amounts of these subsidies are generally determined by reference to the value-added tax, corporate income tax, city maintenance and construction tax and other taxes paid by our operating entities in these localities, but are subject to the government's further discretion.

These represent the one-off charge paid by third-party retailers when they enter into the initial retail agreements with the Group.

8. FINANCE INCOME

| | Year ended 31 December | | |
|--|------------------------|--------------|--------------|
| | 2008 | 2009 | 2010 |
| | RMB'000 | RMB'000 | RMB'000 |
| Interest income on bank deposits | <u>1,549</u> | <u>3,162</u> | <u>5,843</u> |

9. FINANCE COSTS

| | Year ended 31 December | | |
|--|------------------------|---------|---------|
| | 2008 | 2009 | 2010 |
| | RMB'000 | RMB'000 | RMB'000 |
| Interest expense on bank loans wholly repayable within five years | 110 | — | — |

10. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

| | Notes | Year ended 31 December | | |
|--|-------|------------------------|---------------|---------------|
| | | 2008 | 2009 | 2010 |
| | | RMB'000 | RMB'000 | RMB'000 |
| Cost of inventories sold. | | 112,222 | 150,071 | 178,499 |
| Depreciation | | | | |
| Property, plant and equipment | 15 | 4,042 | 5,126 | 6,096 |
| Investment properties | 17 | — | 59 | 152 |
| | | <u>4,042</u> | <u>5,185</u> | <u>6,248</u> |
| Amortisation of prepaid land lease payments* | 16 | 618 | 658 | 658 |
| Amortisation of intangible assets*. | 19 | 27,737 | 19,371 | 4,713 |
| Minimum lease payments under operating leases in respect of buildings | | 4,429 | 6,389 | 6,858 |
| Auditor's remuneration | | — | 759 | 1,775 |
| Employee benefit expenses (including directors' remuneration (note 11)): | | | | |
| Wages and salaries | | 23,948 | 28,737 | 49,611 |
| Pension scheme contributions | | 2,804 | 3,710 | 4,508 |
| | | <u>26,752</u> | <u>32,447</u> | <u>54,119</u> |
| Impairment of intangible assets. | 19 | — | — | 4,357 |
| Impairment/(reversal of impairment) of trade receivables | 23 | 2,033 | (838) | 185 |
| Write-down of inventories to net realisable value#. | | 37,968 | 40,521 | 37,236 |
| Gain on disposal of items of property, plant and equipment, net | | — | (297) | — |

* The amortisation of intangible assets and prepaid land lease payments for the Track Record Period are included in "Administrative expenses" in the combined statements of comprehensive income.

The write-down of inventories to net realisable value is included in "Cost of sales" in the combined statements of comprehensive income.

11. DIRECTORS' REMUNERATION

Details of directors' remuneration for the Track Record Period are as follows:

| | Year ended 31 December | | |
|---|------------------------|------------|--------------|
| | 2008 | 2009 | 2010 |
| | RMB'000 | RMB'000 | RMB'000 |
| Fees | — | — | — |
| Other emoluments: | | | |
| Salaries, allowances and benefits in kind | 89 | 89 | 5,376 |
| Pension scheme contributions | 11 | 11 | 10 |
| | <u>100</u> | <u>100</u> | <u>5,386</u> |
| Total | <u>100</u> | <u>100</u> | <u>5,386</u> |

(a) Non-executive director and independent non-executive directors

There were no emoluments payable to non-executive directors and independent non-executive directors during the Track Record Period.

(b) Executive directors

| | Fees | Salaries, allowances and benefits in kind | Pension scheme contributions | Total remuneration |
|------------------------------------|----------|--|------------------------------------|-----------------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Year ended 31 December 2008 | | | | |
| Executive directors: | | | | |
| Huang Xiaoyun (黃曉雲) | — | 39 | 3 | 42 |
| Zhang Yongli (張永力) | — | 50 | 8 | 58 |
| | <u>—</u> | <u>89</u> | <u>11</u> | <u>100</u> |
| Year ended 31 December 2009 | | | | |
| Executive directors: | | | | |
| Huang Xiaoyun (黃曉雲) | — | 41 | 4 | 45 |
| Zhang Yongli (張永力) | — | 48 | 7 | 55 |
| | <u>—</u> | <u>89</u> | <u>11</u> | <u>100</u> |
| Year ended 31 December 2010 | | | | |
| Executive directors: | | | | |
| David Lee Sun (孫如暉) | — | 800 | — | 800 |
| Huang Xiaoyun (黃曉雲) | — | 1,364 | 4 | 1,368 |
| Peter Lo (路嘉星) | — | 1,000 | — | 1,000 |
| Zhang Yongli (張永力) | — | 2,212 | 6 | 2,218 |
| | <u>—</u> | <u>5,376</u> | <u>10</u> | <u>5,386</u> |

During the Track Record Period, no remuneration was paid or payable by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees included one director for each of the Track Record Period, details of whose remuneration are detailed in note 11 of Section II above. Details of the remuneration of the remaining four non-director, highest paid employees for each of the Track Record Period are as follows:

| | Year ended 31 December | | |
|--|------------------------|------------|--------------|
| | 2008 | 2009 | 2010 |
| | RMB'000 | RMB'000 | RMB'000 |
| Salaries, allowances and benefits in kind. | 522 | 903 | 5,636 |
| Pension scheme contributions | 19 | 36 | 27 |
| | <u>541</u> | <u>939</u> | <u>5,663</u> |

The remuneration of the four non-director, highest paid employees fell within the following band is as follows:

| | Year ended 31 December | | |
|--|------------------------|----------|----------|
| | 2008 | 2009 | 2010 |
| Nil to RMB1,000,000 | 4 | 4 | — |
| RMB1,000,000 to RMB2,000,000 | — | — | 4 |
| | <u>4</u> | <u>4</u> | <u>4</u> |

During the Track Record Period, no remuneration was paid or payable by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

13. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company and its subsidiary incorporated in the BVI are exempted from taxation.

In accordance with the relevant PRC income tax rules and regulations, the Group's subsidiaries incorporated/registered in the PRC are subject to CIT at a statutory rate of 25% on their respective taxable income, except for a subsidiary which is taxed at a preferential tax rate. Dezhou Sino-Union incorporated as a foreign-invested enterprise, was entitled to a full exemption from CIT for the first

two profitable years, commencing from 1 January 2005, and thereafter, was entitled a 50% tax reduction for the next three years, commencing from 1 January 2007 to 31 December 2009. Consequently, Dezhou Sino-Union was subject to CIT at a rate of 12.5% for the two years ended 31 December 2008 and 2009 and CIT at a rate of 25% for the year ended 31 December 2010.

| | Year ended 31 December | | |
|---|------------------------|---------------|----------------|
| | 2008 | 2009 | 2010 |
| | RMB'000 | RMB'000 | RMB'000 |
| Current - PRC* | | | |
| Charge for the year | 41,113 | 69,927 | 109,446 |
| Over provision in prior years | (2,317) | (2,464) | — |
| Deferred (note 21) | (9,785) | (13,978) | 1,947 |
| Total tax charge for the year | <u>29,011</u> | <u>53,485</u> | <u>111,393</u> |

* Certain group entities were approved by the local tax authorities to report and pay CIT on deemed basis. The Article 35 of 《中華人民共和國稅收徵管法》(The PRC Tax Administration Law) lays down the six specific circumstances in which an entity shall be subject to deemed basis for CIT. The Directors are of the view that the relevant subsidiaries may not strictly fall within any of the said six specific circumstances. In preparing the Combined Financial Statements, the Group adopted actual basis for provision of current income tax.

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rates (i.e., statutory tax rate) to the effective tax rate for each of the Track Record Period, are as follows:

| | Year ended 31 December | | | | | |
|--|------------------------|-----------|----------------|-----------|----------------|-----------|
| | 2008 | | 2009 | | 2010 | |
| | RMB'000 | % | RMB'000 | % | RMB'000 | % |
| Profit before tax | <u>119,792</u> | | <u>201,756</u> | | <u>375,300</u> | |
| Tax charge at the statutory tax rate | 29,948 | 25 | 50,439 | 25 | 93,825 | 25 |
| Over provision in prior years | (2,317) | (2) | (2,464) | (1) | — | — |
| Entities subject to lower statutory income tax rates | (171) | — | 194 | — | 6,086 | 2 |
| Effect of withholding tax on undistributed profits of the PRC subsidiaries | 1,068 | 1 | 5,000 | 2 | 11,000 | 3 |
| Expenses not deductible for tax | 420 | — | 203 | — | 102 | — |
| Tax losses utilised | (32) | — | (10) | — | (48) | — |
| Tax losses not recognised | 122 | — | 323 | — | 619 | — |
| Others | (27) | — | (200) | — | (191) | — |
| Tax charge at the Group's effective tax rate | <u>29,011</u> | <u>24</u> | <u>53,485</u> | <u>26</u> | <u>111,393</u> | <u>30</u> |

14. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the preparation of the Financial Information of the Group for the Track Record Period on a combined basis as disclosed in note 2 of Section II above.

15. PROPERTY, PLANT AND EQUIPMENT

| | Buildings | Plant and machinery | Motor vehicles | Office and other equipment | Construction in progress | Total |
|---|----------------|------------------------|-------------------|----------------------------------|-----------------------------|-----------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At 1 January 2008, net of accumulated depreciation | 40,847 | 2,041 | 5,165 | 2,770 | 9,413 | 60,236 |
| Additions | 271 | 717 | 322 | 2,842 | 7,720 | 11,872 |
| Depreciation provided during the year | (1,836) | (229) | (982) | (995) | — | (4,042) |
| Transfers | <u>17,133</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>(17,133)</u> | <u>—</u> |
| At 31 December 2008 and 1 January 2009, net of accumulated depreciation | 56,415 | 2,529 | 4,505 | 4,617 | — | 68,066 |
| Additions | 3,164 | 431 | 5,779 | 2,867 | — | 12,241 |
| Disposals | (13) | — | (307) | (28) | — | (348) |
| Depreciation provided during the year | <u>(1,937)</u> | <u>(276)</u> | <u>(1,718)</u> | <u>(1,195)</u> | <u>—</u> | <u>(5,126)</u> |
| At 31 December 2009 and 1 January 2010, net of accumulated depreciation | 57,629 | 2,684 | 8,259 | 6,261 | — | 74,833 |
| Additions | 7,588 | 2,110 | 1,711 | 1,000 | 1,244 | 13,653 |
| Disposals | — | — | (17) | (15) | — | (32) |
| Depreciation provided during the year | <u>(2,393)</u> | <u>(348)</u> | <u>(1,682)</u> | <u>(1,673)</u> | <u>—</u> | <u>(6,096)</u> |
| At 31 December 2010 | <u>62,824</u> | <u>4,446</u> | <u>8,271</u> | <u>5,573</u> | <u>1,244</u> | <u>82,358</u> |
| At 1 January 2008: | | | | | | |
| Cost | 43,777 | 2,267 | 8,221 | 4,968 | 9,413 | 68,646 |
| Accumulated depreciation | <u>(2,930)</u> | <u>(226)</u> | <u>(3,056)</u> | <u>(2,198)</u> | <u>—</u> | <u>(8,410)</u> |
| Net carrying amount | <u>40,847</u> | <u>2,041</u> | <u>5,165</u> | <u>2,770</u> | <u>9,413</u> | <u>60,236</u> |
| At 31 December 2008: | | | | | | |
| Cost | 61,181 | 2,984 | 8,543 | 7,800 | — | 80,508 |
| Accumulated depreciation | <u>(4,766)</u> | <u>(455)</u> | <u>(4,038)</u> | <u>(3,183)</u> | <u>—</u> | <u>(12,442)</u> |
| Net carrying amount | <u>56,415</u> | <u>2,529</u> | <u>4,505</u> | <u>4,617</u> | <u>—</u> | <u>68,066</u> |
| At 31 December 2009: | | | | | | |
| Cost | 64,333 | 3,415 | 12,475 | 10,314 | — | 90,537 |
| Accumulated depreciation | <u>(6,704)</u> | <u>(731)</u> | <u>(4,216)</u> | <u>(4,053)</u> | <u>—</u> | <u>(15,704)</u> |
| Net carrying amount | <u>57,629</u> | <u>2,684</u> | <u>8,259</u> | <u>6,261</u> | <u>—</u> | <u>74,833</u> |
| At 31 December 2010: | | | | | | |
| Cost | 71,921 | 5,525 | 13,682 | 11,173 | 1,244 | 103,545 |
| Accumulated depreciation | <u>(9,097)</u> | <u>(1,079)</u> | <u>(5,411)</u> | <u>(5,600)</u> | <u>—</u> | <u>(21,187)</u> |
| Net carrying amount | <u>62,824</u> | <u>4,446</u> | <u>8,271</u> | <u>5,573</u> | <u>1,244</u> | <u>82,358</u> |

As at 31 December 2010, a certificate of ownership in respect of a warehouse in Chengdu with a net carrying amount of approximately RMB7,268,000 has not been issued by the relevant PRC authorities. The Directors are in the process of obtaining the certificate.

16. PREPAID LAND LEASE PAYMENTS

| | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|--|---------------|---------------|---------------|
| | RMB'000 | RMB'000 | RMB'000 |
| Carrying amount at beginning of year | 25,433 | 31,522 | 30,864 |
| Additions | 6,707 | — | — |
| Amortisation charged during the year | <u>(618)</u> | <u>(658)</u> | <u>(658)</u> |
| Carrying amount at end of year | 31,522 | 30,864 | 30,206 |
| Current portion included in prepayments, deposits and other receivables | <u>(658)</u> | <u>(658)</u> | <u>(658)</u> |
| Non-current portion | <u>30,864</u> | <u>30,206</u> | <u>29,548</u> |

The Group's leasehold land is situated in the PRC and is held under a medium-term lease.

17. INVESTMENT PROPERTIES

| | Completed | Under construction | Total |
|--|--------------|-----------------------|--------------|
| | RMB'000 | RMB'000 | RMB'000 |
| At 1 January 2008 | — | — | — |
| Additions | — | 1,747 | 1,747 |
| At 31 December 2008 and 1 January 2009, net of accumulated depreciation | — | 1,747 | 1,747 |
| Additions | — | 3,631 | 3,631 |
| Transfers | 5,156 | (5,156) | — |
| Depreciation provided during the year | (59) | — | (59) |
| At 31 December 2009 and 1 January 2010, net of accumulated depreciation | 5,097 | 222 | 5,319 |
| Additions | — | 545 | 545 |
| Transfers | 767 | (767) | — |
| Depreciation provided during the year | (152) | — | (152) |
| At 31 December 2010, net of accumulated depreciation | <u>5,712</u> | <u>—</u> | <u>5,712</u> |
| At 31 December 2008: | | | |
| Cost and net carrying amount | <u>—</u> | <u>1,747</u> | <u>1,747</u> |
| At 31 December 2009: | | | |
| Cost | 5,156 | 222 | 5,378 |
| Accumulated depreciation | (59) | — | (59) |
| Net carrying amount | <u>5,097</u> | <u>222</u> | <u>5,319</u> |
| At 31 December 2010: | | | |
| Cost | 5,923 | — | 5,923 |
| Accumulated depreciation | (211) | — | (211) |
| Net carrying amount | <u>5,712</u> | <u>—</u> | <u>5,712</u> |

The Group's investment properties are leased to third parties under operating leases, further summary details of which are included in note 31(a) of Section II below.

The Group's investment properties were revalued on 31 December 2010 by Norton Appraisals Limited, independent professionally qualified valuers, at RMB13,400,000 on an open market, existing use basis.

18. GOODWILL

| | As at 31 December | | |
|---|-------------------|---------------|---------------|
| | 2008 | 2009 | 2010 |
| | RMB'000 | RMB'000 | RMB'000 |
| At beginning of year and end of year, at cost | <u>70,697</u> | <u>70,697</u> | <u>70,697</u> |

No impairment loss provision for the carrying value of goodwill has been considered necessary by the Directors as at the end of each of the Track Record Period. Impairment testing of goodwill is detailed in note 20 of Section II below.

19. OTHER INTANGIBLE ASSETS

| | Licensing agreements | Retail networks | Trademarks | Total |
|--|-------------------------|--------------------|----------------|-----------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At 1 January 2008, net of accumulated amortisation. | 55,431 | 4,711 | — | 60,142 |
| Amortisation charged during the year. . . | <u>(27,488)</u> | <u>(249)</u> | <u>—</u> | <u>(27,737)</u> |
| At 31 December 2008 and 1 January 2009, net of accumulated amortisation. | 27,943 | 4,462 | — | 32,405 |
| Additions. | — | — | 69,601 | 69,601 |
| Amortisation charged during the year. . . | <u>(19,122)</u> | <u>(249)</u> | <u>—</u> | <u>(19,371)</u> |
| At 31 December 2009 and 1 January 2010, net of accumulated amortisation. | 8,821 | 4,213 | 69,601 | 82,635 |
| Amortisation charged during the year. . . | (4,464) | (249) | — | (4,713) |
| Impairment during the year. | (4,357) | — | — | (4,357) |
| Exchange realignment. | <u>—</u> | <u>—</u> | <u>(2,463)</u> | <u>(2,463)</u> |
| At 31 December 2010. | <u>—</u> | <u>3,964</u> | <u>67,138</u> | <u>71,102</u> |
| At 1 January 2008: | | | | |
| Cost. | 84,668 | 4,981 | — | 89,649 |
| Accumulated amortisation. | <u>(29,237)</u> | <u>(270)</u> | <u>—</u> | <u>(29,507)</u> |
| Net carrying amount. | <u>55,431</u> | <u>4,711</u> | <u>—</u> | <u>60,142</u> |
| At 31 December 2008: | | | | |
| Cost. | 84,668 | 4,981 | — | 89,649 |
| Accumulated amortisation. | <u>(56,725)</u> | <u>(519)</u> | <u>—</u> | <u>(57,244)</u> |
| Net carrying amount. | <u>27,943</u> | <u>4,462</u> | <u>—</u> | <u>32,405</u> |
| At 31 December 2009: | | | | |
| Cost. | 84,668 | 4,981 | 69,601 | 159,250 |
| Accumulated amortisation. | <u>(75,847)</u> | <u>(768)</u> | <u>—</u> | <u>(76,615)</u> |
| Net carrying amount. | <u>8,821</u> | <u>4,213</u> | <u>69,601</u> | <u>82,635</u> |
| At 31 December 2010: | | | | |
| Cost. | 84,668 | 4,981 | 67,138 | 156,787 |
| Accumulated amortisation and impairment. | <u>(84,668)</u> | <u>(1,017)</u> | <u>—</u> | <u>(85,685)</u> |
| Net carrying amount. | <u>—</u> | <u>3,964</u> | <u>67,138</u> | <u>71,102</u> |

The Group classified the “London Fog” trademarks as intangible assets with an indefinite life. The registration of certain trademarks in the PRC is still in progress. Acceptance for such application has been obtained from the relevant government authority. The Directors of the Company consider that the approval will be obtained within 24 months after 31 December 2010. The Group has performed an impairment review of the carrying value of trademarks as at 31 December 2009 and 31 December 2010 based on a forecast of operating performance, cash flows and the key assumptions as detailed in note 20 of Section II below and has concluded that no impairment is required.

20. IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS WITH AN INDEFINITE LIFE

Goodwill arising from the acquisition of the PRC Doright Group in 2006 has been allocated to the Group's CGU (“Menswear CGU”) for impairment testing.

The recoverable amount of the Menswear CGU has been determined based on a value in use calculation using cash flow projections from financial budgets covering a three-year period approved by senior management. The discount rate applied to the cash flow projections is 20.4% and cash flows beyond the three-year period are extrapolated using a growth rate of 3% which does not exceed the projected long-term average growth rate for relevant industry in the PRC.

The recoverable amount of the trademarks with an indefinite life has been determined based on a value in use calculation using cash flow projections from financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 25.8% and cash flows beyond the five-year period are extrapolated using a growth rate of 3% which does not exceed the projected long-term average growth rate for relevant industry in the PRC.

Key assumptions were used in the value in use calculation of the Menswear CGU and the trademarks with an indefinite life for the Track Record Period. The following describes each key assumption for which management has based its cash flow projections to undertake impairment testing of goodwill and trademarks:

Budgeted gross profit margins

Budgeted gross profit margins are based on average values achieved historically. These are adjusted over the budget period in accordance with anticipated efficiency improvements and expected market developments.

Discount rates

The discount rates used are before tax and reflect specific risks relating to the Menswear CGU and the trademarks with an indefinite life.

21. DEFERRED TAX

The movements in deferred tax assets are as follows:

| | Impairment of assets | Unrealised profits on inventories | Tax losses available for offsetting against future taxable income | Total |
|---|-------------------------|---|--|----------------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At 1 January 2008 | 546 | 552 | 1,863 | 2,961 |
| Deferred tax credited/(charged) to the combined statements of comprehensive income during the year (note 13) | <u>4,036</u> | <u>(3)</u> | <u>(1,863)</u> | <u>2,170</u> |
| At 31 December 2008 and 1 January 2009 | 4,582 | 549 | — | 5,131 |
| Deferred tax credited to the combined statements of comprehensive income during the year (note 13) | <u>11,115</u> | <u>359</u> | <u>75</u> | <u>11,549</u> |
| At 31 December 2009 and 1 January 2010 | 15,697 | 908 | 75 | 16,680 |
| Deferred tax credited/(charged) to the combined statements of comprehensive income during the year (note 13) | <u>7,181</u> | <u>(443)</u> | <u>(75)</u> | <u>6,663</u> |
| At 31 December 2010 | <u><u>22,878</u></u> | <u><u>465</u></u> | <u><u>—</u></u> | <u><u>23,343</u></u> |

The movements in deferred tax liabilities are as follows:

| | Fair value adjustments arising from acquisitions | Withholding tax on distributable profits of the PRC subsidiaries | Total |
|--|---|---|----------------------|
| | RMB'000 | RMB'000 | RMB'000 |
| At 1 January 2008 | 24,617 | — | 24,617 |
| Deferred tax charged/(credited) to the combined statements of comprehensive income during the year (note 13) | <u>(8,683)</u> | <u>1,068</u> | <u>(7,615)</u> |
| At 31 December 2008 and 1 January 2009 | 15,934 | 1,068 | 17,002 |
| Deferred tax charged/(credited) to the combined statements of comprehensive income during the year (note 13) | <u>(7,429)</u> | <u>5,000</u> | <u>(2,429)</u> |
| At 31 December 2009 and 1 January 2010 | 8,505 | 6,068 | 14,573 |
| Deferred tax transferred out in respect of withholding tax paid by a PRC subsidiary | — | (4,789) | (4,789) |
| Deferred tax charged/(credited) to the combined statements of comprehensive income during the year (note 13) | <u>(2,390)</u> | <u>11,000</u> | <u>8,610</u> |
| At 31 December 2010 | <u><u>6,115</u></u> | <u><u>12,279</u></u> | <u><u>18,394</u></u> |

The Group has tax losses arising in the PRC of approximately RMB1,948,000, RMB1,230,000 and RMB2,141,000 as at 31 December 2008, 2009 and 2010, respectively, that will expire in one to five years for offsetting against future taxable profit. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the taxable losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law (the “New CIT Law”) which was approved and became effective on 1 January 2008, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective on 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable to withholding tax on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

22. INVENTORIES

| | As at 31 December | | |
|----------------------------|-------------------|----------------|----------------|
| | 2008 | 2009 | 2010 |
| | RMB'000 | RMB'000 | RMB'000 |
| Raw materials | 14,561 | 13,667 | 24,004 |
| Work in progress | 2,916 | 5,337 | 9,193 |
| Finished goods | <u>136,870</u> | <u>128,016</u> | <u>179,665</u> |
| | <u>154,347</u> | <u>147,020</u> | <u>212,862</u> |

23. TRADE AND BILLS RECEIVABLES

| | As at 31 December | | |
|----------------------------------|-------------------|----------------|----------------|
| | 2008 | 2009 | 2010 |
| | RMB'000 | RMB'000 | RMB'000 |
| Trade receivables | 57,225 | 67,619 | 91,885 |
| Impairment | <u>(2,033)</u> | <u>(1,195)</u> | <u>(1,380)</u> |
| Trade receivables, net | 55,192 | 66,424 | 90,505 |
| Bills receivable | <u>346</u> | <u>288</u> | <u>—</u> |
| | <u>55,538</u> | <u>66,712</u> | <u>90,505</u> |

The Group's trading terms with its customers are mainly on credit, except for third party retailers, where payment in advance is normally required. The credit period normally ranges from 30 to 90 days. The Group grants a longer credit period to those long-standing customers with good payment history.

Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Trade receivables are non-interest-bearing and the carrying amounts of the trade and bills receivables approximate to their fair values.

An aged analysis of the trade receivables as at 31 December 2008, 2009 and 2010, based on the invoice date and net of provision for impairment, is as follows:

| | As at 31 December | | |
|----------------------------|-------------------|---------------|---------------|
| | 2008 | 2009 | 2010 |
| | RMB'000 | RMB'000 | RMB'000 |
| Trade receivables | | | |
| Within 60 days | 53,750 | 63,757 | 87,775 |
| 61 to 90 days | 193 | 1,465 | 2,105 |
| 91 to 180 days | 692 | 417 | 452 |
| 181 to 360 days | 541 | 785 | 169 |
| Over 360 days | 16 | — | 4 |
| | <u>55,192</u> | <u>66,424</u> | <u>90,505</u> |
| Bills receivable | 346 | 288 | — |
| | <u>55,538</u> | <u>66,712</u> | <u>90,505</u> |

The movements in provision for impairment of trade receivables are as follows:

| | 2008 | 2009 | 2010 |
|---|--------------|--------------|--------------|
| | RMB'000 | RMB'000 | RMB'000 |
| At 1 January | — | 2,033 | 1,195 |
| Impairment losses recognised/(reversed) | <u>2,033</u> | <u>(838)</u> | <u>185</u> |
| At 31 December | <u>2,033</u> | <u>1,195</u> | <u>1,380</u> |

The above provision for impairment of trade receivables are full provision for individually impaired trade receivables. The individually impaired trade receivables relate to customers that were in financial difficulties or in default in payments. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of the trade receivables that are neither individually nor collectively considered to be impaired, is as follows:

| | As at 31 December | | |
|---|-------------------|---------------|---------------|
| | 2008 | 2009 | 2010 |
| | RMB'000 | RMB'000 | RMB'000 |
| Neither past due nor impaired | 52,449 | 61,310 | 84,493 |
| 1 to 180 days past due | 2,743 | 5,050 | 5,840 |
| 181 to 360 days past due | — | 64 | 168 |
| Over 360 days past due | — | — | 4 |
| | <u>55,192</u> | <u>66,424</u> | <u>90,505</u> |

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion

that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default. The Group does not hold any collateral or other credit enhancements over these balances.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | As at 31 December | | |
|--------------------------------------|-------------------|---------------|---------------|
| | 2008 | 2009 | 2010 |
| | RMB'000 | RMB'000 | RMB'000 |
| Prepayments | 20,311 | 27,915 | 36,655 |
| Deposits and other receivables | 6,422 | 5,832 | 9,799 |
| | <u>26,733</u> | <u>33,747</u> | <u>46,454</u> |

Other receivable of RMB1,800,000, as at 31 December 2008, 2009 and 2010 was impaired and fully provided for. The individually impaired other receivable related to a debtor that was in default in payments. The Group does not hold any collateral or other credit enhancements over the balance.

The carrying amounts of the other receivables neither past due nor impaired included in the above balances relate to entities which have no recent history of default. The carrying amount of the financial assets included in the above balances approximate to their fair values.

25. PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

| | As at 31 December | | |
|---|-------------------|----------------|----------------|
| | 2008 | 2009 | 2010 |
| | RMB'000 | RMB'000 | RMB'000 |
| Cash and bank balances | 62,493 | 268,926 | 188,722 |
| Time deposits | 105,923 | 76,660 | 433,180 |
| | 168,416 | 345,586 | 621,902 |
| Less: bank deposits pledged for issuing bank acceptance notes | (8,423) | (14,660) | (14,812) |
| Cash and cash equivalents as stated in the combined statements of financial position | <u>159,993</u> | <u>330,926</u> | <u>607,090</u> |

As at 31 December 2008, 2009 and 2010, the cash and bank balances and time deposits of the Group denominated in RMB amounted to RMB167,895,000, RMB325,771,000 and RMB602,508,000, respectively. The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between seven days and twelve months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The bank balances and short-term deposits are deposited with creditworthy banks with no recent history of default.

26. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at 31 December 2008, 2009 and 2010, based on the invoice date, is as follows:

| | As at 31 December | | |
|--------------------------------|-------------------|---------------|---------------|
| | 2008 | 2009 | 2010 |
| | RMB'000 | RMB'000 | RMB'000 |
| Trade payables | | | |
| Within 30 days | 14,001 | 13,223 | 33,849 |
| 31 to 90 days | 1,665 | 297 | 581 |
| 91 to 180 days | 36 | — | 211 |
| 181 days to 360 days | 138 | 1 | — |
| Over 360 days | 146 | 32 | 33 |
| | <u>15,986</u> | <u>13,553</u> | <u>34,674</u> |
| Bills payable | 8,423 | 14,660 | 14,812 |
| | <u>24,409</u> | <u>28,213</u> | <u>49,486</u> |

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 45 days. The bills payables are all due to mature within 60 days.

27. DEPOSITS RECEIVED, OTHER PAYABLES AND ACCRUALS

| | As at 31 December | | |
|--|-------------------|---------------|----------------|
| | 2008 | 2009 | 2010 |
| | RMB'000 | RMB'000 | RMB'000 |
| Advances from customers | 25,165 | 36,045 | 82,653 |
| Other payables | 16,781 | 23,504 | 44,975 |
| Accruals | 6,210 | 10,498 | 13,741 |
| Other taxes payable | 1,882 | 3,198 | 8,882 |
| Payable due to then shareholders of subsidiaries | 4,800 | — | — |
| | <u>54,838</u> | <u>73,245</u> | <u>150,251</u> |

The deposits received, other payables and accruals are non-interest-bearing.

28. ISSUED CAPITAL

As at 31 December 2010, the Reorganisation has not been completed. The Company was incorporated in the Cayman Islands on 7 March 2011 with an authorised share capital of HK\$100,000,000,000 divided into 100,000,000,000 shares of HK\$1 each, and one share of HK\$1 of the Company was allotted and issued on the same date.

29. RESERVES

The amounts of the Group's reserves and the movements therein for each of the Track Record Period are presented in the combined statements of changes in equity.

- (a) The merger reserve represents the difference between the nominal value of shares of the subsidiaries acquired pursuant to the Group Reorganisation, over the nominal value of the Company's shares issued in exchange therefor.
- (b) The acquisition reserve represents the differences between considerations paid and the book value of the share of net assets acquired in respect of the acquisition of non-controlling interests in the PRC Doright Group as detailed in "Statutory and General Information — Corporate Reorganisation" in Appendix VI to this Prospectus.
- (c) In accordance with the Company Law of the PRC, the Company's subsidiaries registered in the PRC are required to appropriate 10% of the annual statutory net profit after tax (after offsetting any prior years' losses), determined in accordance with generally accepted accounting principles in the PRC, to the statutory surplus reserve fund. When the balance of the statutory surplus reserve fund reaches 50% of each entity's registered capital, any further appropriation is optional. The statutory surplus reserve fund can be utilised to offset prior years' losses or to increase the registered capital. However, the balance of the statutory surplus reserve fund must be maintained at a minimum of 25% of the registered capital after these usages.

30. PLEDGE OF ASSETS

Pursuant to the secure note and warrant purchase deed dated 15 June 2008 (the "Purchase Deed"), entered into between CEC Outfitters, as the issuer, Orchid Asia IV, L.P. Limited ("Orchid I"), Orchid Asia IV Co-Investment Limited ("Orchid II") and CEC Menswear Limited (registered in BVI), as purchasers, CEC Menswear HK and Faith Enterprise, as the warrantors, as amended by a deed of amendment dated 20 June 2008, and a loan facility agreement dated 20 June 2008 between, amongst others, CEC Outfitters, Standard Bank Asia Limited ("Standard Bank"), CEC Menswear HK, Faith Enterprise and Sky Trend in connection with the US\$15,000,000 term loan facility granted by Standard Bank (the "Term Loan") to CEC Outfitters, the securities under the Term Loan, the Purchase Deed and the secured promissory notes issued by CEC Outfitters to Orchid I and Orchid II are as follows:

- (i) CEC Menswear HK, Faith Enterprise and Sky Trend charged certain of their respective assets in favour of Standard Bank, as security trustee of, among others, Orchid I and Orchid II; and
- (ii) CEC Menswear HK, Faith Enterprise and Sky Trend pledged their respective equity interests in Shanghai Doright and Dezhou Sino-Union in favour of Standard Bank, as security trustee of, among others, Orchid I and Orchid II.

Under the terms of the equity pledge contracts, each of CEC Menswear HK, Faith Enterprise and Sky Trend is entitled to retain any cash income, including dividends, derived from their respective equity

interests in Shanghai Doright and Dezhou Sino-Union until the pledge created by the equity pledge contract becomes enforceable. More details of the securities are detailed in the section headed "Investments in CEC Outfitters" in the Prospectus. The pledge of assets was released in full pursuant to a deed of release dated 28 April 2011.

31. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 17) under operating lease arrangements, with leases negotiated for terms ranging from one to three years.

At 31 December 2008, 2009 and 2010, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

| | As at 31 December | | |
|---|-------------------|--------------|------------|
| | 2008 | 2009 | 2010 |
| | RMB'000 | RMB'000 | RMB'000 |
| Within one year. | — | 427 | 495 |
| In the second to fifth years, inclusive | — | 730 | 337 |
| | <u>—</u> | <u>1,157</u> | <u>832</u> |

(b) As lessee

The Group leases certain of its retail outlets and office premises under non-cancellable operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At 31 December 2008, 2009 and 2010, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

| | As at 31 December | | |
|---|-------------------|--------------|--------------|
| | 2008 | 2009 | 2010 |
| | RMB'000 | RMB'000 | RMB'000 |
| Within one year. | 4,707 | 4,562 | 4,925 |
| In the second to fifth years, inclusive | 4,252 | 3,408 | 2,717 |
| | <u>8,959</u> | <u>7,970</u> | <u>7,642</u> |

32. COMMITMENTS

In addition to the operating lease commitments detailed in note 31(b) of Section II above, the Group had the following capital commitments at the end of each of the Track Record Period:

| | As at 31 December | | |
|-----------------------------------|-------------------|--------------|---------------|
| | 2008 | 2009 | 2010 |
| | RMB'000 | RMB'000 | RMB'000 |
| Contracted, but not provided for: | | | |
| Land and buildings | — | 1,875 | 11,005 |
| Plant and machinery | 363 | 734 | 179 |
| | <u>363</u> | <u>2,609</u> | <u>11,184</u> |

33. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2008, 2009 and 2010.

34. RELATED PARTY TRANSACTIONS AND BALANCES

(a) In addition to the transactions detailed elsewhere in the Financial Information, the Group had the following transactions with a related party during the Track Record Period:

| | Year ended 31 December | | |
|---------------------------------------|------------------------|---------|---------|
| | 2008 | 2009 | 2010 |
| | RMB'000 | RMB'000 | RMB'000 |
| Sales of goods: | | | |
| Iconix China Limited ("Iconix") | — | — | 23 |

Iconix is the controlling shareholder of ICL-London Fog Limited, a non-controlling shareholder of a subsidiary.

The sales were made at prices based on mutual agreements between parties with reference to the ordinary course of business.

The above transactions will continue after the listing of the Company's shares on the Stock Exchange.

(b) Outstanding balances with related parties

| | As at 31 December | | |
|--|-------------------|----------------|----------------|
| | 2008 | 2009 | 2010 |
| | RMB'000 | RMB'000 | RMB'000 |
| Due to related parties | | | |
| CEC Outfitters (i) | 211,421 | 177,680 | 146,267 |
| China Enterprise Capital Limited ("China Enterprise Capital") (ii) | 46 | — | — |
| | <u>211,467</u> | <u>177,680</u> | <u>146,267</u> |

Notes:

- (i) CEC Outfitters is the holding company of the Company; and
(ii) China Enterprise Capital is a substantial shareholder of CEC Outfitters.

The amounts due to related parties were all non-trade in nature, unsecured, interest-free and repayable on demand. The balances will be fully settled by the proceeds from the Listing.

The amounts due to related parties approximate to their fair values.

(c) Compensation of key management personnel of the Group, including directors' remuneration as detailed in note 11 of Section II above.

| | Year ended 31 December | | |
|---|------------------------|------------|---------------|
| | 2008 | 2009 | 2010 |
| | RMB'000 | RMB'000 | RMB'000 |
| Salaries, allowances and benefits in kind. | 615 | 804 | 14,890 |
| Pension scheme contributions | 49 | 54 | 58 |
| Total compensation paid to key management personnel | <u>664</u> | <u>858</u> | <u>14,948</u> |

35. NOTES TO COMBINED STATEMENTS OF CASH FLOWS

- (i) In June 2008, the Group acquired the remaining 31% non-controlling interests in the PRC Doright Group at cash consideration of RMB148,000,000 and issuance of 11,195 shares in CEC Outfitters; and
(ii) During the year ended 31 December 2009, CEC Outfitters and a non-controlling shareholder of a subsidiary contributed cash of RMB6,000,000 and trademarks of RMB69,601,000 to a subsidiary of the Group.

36. FINANCIAL INSTRUMENTS BY CATEGORY**Financial assets**

The Group's financial assets at the end of each of the Track Record Period, including trade and bills receivables, deposits and other receivables, pledged bank deposits and cash and cash equivalents, are categorised as loans and receivables.

Financial liabilities

The Group's financial liabilities at the end of each of the Track Record Period, include trade and bills payables, other payables, payable due to then shareholders of subsidiaries and amounts due to related parties, which are categorised as loans and borrowings at amortised cost.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

At 31 December 2008, 2009 and 2010, the fair values of the Group's financial assets and financial liabilities approximate to their respective carrying amount.

The fair values of the financial assets and liabilities are the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

All of the Group's financial assets and liabilities including cash and cash equivalents, pledged bank deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in deposits received, other payables and accruals and amounts due to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise amounts due to related parties and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below:

Interest rate risk

The Group has no significant interest-bearing assets other than the pledged bank deposits and cash and cash equivalents (note 25). The Group does not have any significant exposure to risk of changes in market interest rates as the Group's debt obligations are minimal. The Group has not used any financial instruments to hedge its exposure to interest rate risk during the Track Record Period.

Foreign currency risk

All of the Group's turnover and substantially all of the Group's cost of sales and operating expenses are denominated in RMB. Accordingly, the transactional currency exposures of the Group are not

significant. However, the Group's financial assets and liabilities including certain amounts due to related parties in HK\$ and certain time deposits denominated in HK\$ and United States dollars ("US\$"), are subject to foreign currency risk. Therefore, the fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

There are limited hedging instruments available in the PRC to reduce the Group's exposure to exchange rate fluctuations between the RMB and other currencies. To date, the Group has not entered into any hedging transactions in an effort to reduce the Group's exposure to foreign currency exchange risks. While the Group may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and the Group may not be able to hedge the Group's exposure successfully, or at all.

The following table demonstrates the sensitivity at the end of each of the Track Record Period to a reasonably possible change in HK\$ against RMB exchange rate, with all other variables held constant, of the Group's equity:

| | Increase/ (decrease) in HK\$ exchange rate | Increase/ (decrease) in equity* |
|---|---|---------------------------------------|
| | % | RMB'000 |
| 31 December 2008 | | |
| If RMB weakens against HK\$ | 5 | (10,573) |
| If RMB strengthens against HK\$ | (5) | 10,573 |
| 31 December 2009 | | |
| If RMB weakens against HK\$ | 5 | (8,884) |
| If RMB strengthens against HK\$ | (5) | 8,884 |
| 31 December 2010 | | |
| If RMB weakens against HK\$ | 5 | (6,173) |
| If RMB strengthens against HK\$ | (5) | 6,173 |

* Excluding retained profits

Credit risk

There are no significant concentrations of credit risk within the Group as the Group's trade receivables are widely dispersed among different customers. Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in notes 23 and 24 of Section II above.

The credit risk of the Group's other financial assets, which mainly comprise cash and cash equivalents arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets.

Liquidity risk

The Group monitors its exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

The Group's policy is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

The maturity profile of the Group's financial liabilities at the end of each of the Track Record Period, based on the contractual undiscounted payments, is as follows:

| | 31 December 2008 | | |
|--|-------------------------|-----------------------------|----------------|
| | On demand | Less than 1 year | Total |
| | RMB'000 | RMB'000 | RMB'000 |
| Trade and bills payables | — | 24,409 | 24,409 |
| Other payables | — | 16,781 | 16,781 |
| Payable due to then shareholders of subsidiaries | — | 4,800 | 4,800 |
| Due to related parties | <u>211,467</u> | <u>—</u> | <u>211,467</u> |
| | <u>211,467</u> | <u>45,990</u> | <u>257,457</u> |
| | 31 December 2009 | | |
| | On demand | Less than 1 year | Total |
| | RMB'000 | RMB'000 | RMB'000 |
| Trade and bills payables | — | 28,213 | 28,213 |
| Other payables | — | 23,504 | 23,504 |
| Due to related parties | <u>177,680</u> | <u>—</u> | <u>177,680</u> |
| | <u>177,680</u> | <u>51,717</u> | <u>229,397</u> |
| | 31 December 2010 | | |
| | On demand | Less than 1 year | Total |
| | RMB'000 | RMB'000 | RMB'000 |
| Trade and bills payables | — | 49,486 | 49,486 |
| Other payables | — | 44,975 | 44,975 |
| Due to related parties | <u>146,267</u> | <u>—</u> | <u>146,267</u> |
| | <u>146,267</u> | <u>94,461</u> | <u>240,728</u> |

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes amounts due to related parties, trade and bills payable and other payables less cash and cash equivalents and pledged bank deposits. Capital represents equity attributable to owners of the Company. The gearing ratios as at the end of each of the Track Record Period were as follows:

| | As at 31 December | | |
|---|-------------------|----------------|----------------|
| | 2008 | 2009 | 2010 |
| | RMB'000 | RMB'000 | RMB'000 |
| Trade and bills payables | 24,409 | 28,213 | 49,486 |
| Other payables | 16,781 | 23,504 | 44,975 |
| Payable due to then shareholders of subsidiaries. | 4,800 | — | — |
| Amounts due to related parties | 211,467 | 177,680 | 146,267 |
| Less: cash and cash equivalents. | (159,993) | (330,926) | (607,090) |
| pledged bank deposits | (8,423) | (14,660) | (14,812) |
| Net debt/(assets) | 89,041 | (116,189) | (381,174) |
| Capital - equity attributable to owners of the Company | 231,661 | 432,513 | 696,259 |
| Capital and net debt | <u>320,702</u> | <u>316,324</u> | <u>315,085</u> |
| Gearing ratio. | <u>27.8%</u> | <u>N/A</u> | <u>N/A</u> |

39. EVENTS AFTER THE TRACK RECORD PERIOD

The following significant events after the Track Record Period took place subsequent to 31 December 2010:

- (a) 瑞國(蘇州)服飾有限公司 (Ruiguo (Suzhou) Fashion Co., Ltd.), a wholly-owned subsidiary of Shanghai Doright, was incorporated on 24 January 2011. The registered capital of the subsidiary was RMB100,000,000 at incorporation.
- (b) On 7 March 2011, the Company was incorporated in the Cayman Islands with an authorised share capital of HK\$100,000,000,000 divided into 100,000,000,000 shares of HK\$1 each, and one share of HK\$1 of the Company was allotted and issued on the same date. The share capital of the Company was subsequently sub-divided into 1,000,000,000,000 shares of HK\$0.10 each.
- (c) 德州中合商用展櫃有限公司(Dezhou Zhonghe Shangyong Zhanguai Co., Ltd), a wholly-owned subsidiary of Dezhou Sino-Union, was incorporated on 22 March 2011. The registered capital of the subsidiary was RMB500,000 at incorporation.
- (d) On 2 June 2011, Doright Group Limited declared HK\$90 million dividends to its then existing shareholder, CEC Outfitters.
- (e) On 3 June 2011, the Company entered into an agreement with CEC Outfitters for the sale and purchase of shares in Doright Group Limited, London Fog (China) and Shinemax, pursuant to which CEC Outfitters agreed to sell and the Company agreed to purchase all of the issued share capital of each Doright Group Limited, London Fog (China) and Shinemax held by CEC Outfitters in consideration of allotment and issue of 98,215 new shares to CEC Outfitters.
- (f) Pursuant to a written resolution of the board of directors of the Company passed on 8 June 2011, the Company has adopted a Pre-IPO share option scheme.

40. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 31 December 2010.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The information sets out in this Appendix does not form part of the Accountants' report prepared by Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set out in Appendix I to this prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" in this prospectus and the "Accountants' Report" set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted net tangible assets of the Group which has been prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules for the purpose of illustrating the effect of the Global Offering as if it had been taken place on 31 December 2010 and based on the combined net tangible assets of our Group attributable to owners of our Company as at 31 December 2010 as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

The unaudited pro forma adjusted net tangible assets of the Group has been prepared for illustrative purposes only and, because of its nature, it may not give a true picture of the financial position of the Group after the completion of the Global Offering.

| | Audited combined net tangible assets of the Group attributable to owners of the Company as at 31 December 2010 ⁽¹⁾ | Estimated net proceeds from the Global Offering ⁽²⁾ | Unaudited pro forma adjusted net tangible assets attributable to owners of the Company ⁽³⁾ | Unaudited pro forma adjusted net tangible assets per Share ⁽⁴⁾ |
|-------------------------------------|--|---|---|---|
| | RMB million | RMB million | RMB million | RMB |
| Based on an Offer Price of | | | | |
| HK\$1.90 per Share | 554.4 | 1,158.7 | 1,713.1 | 0.46 |
| Based on an Offer Price of | | | | |
| HK\$2.50 per Share | 554.4 | 1,535.2 | 2,089.6 | 0.56 |

Notes:

- (1) The audited combined net tangible assets attributable to owners of the Company as at 31 December 2010 is extracted from the Accountant's Report included as Appendix I to this prospectus, which is based on the audited combined net assets of the Group attributable to owners of the Company as at 31 December 2010 of RMB696.3 million with an adjustment for the intangible assets attributable to owners of our Company as at 31 December 2010 of RMB141.9 million.
- (2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK\$1.90 and HK\$2.50 per Share after deduction of the underwriting fees and other related expenses payable by the Company and take no account of any Shares which may fall to be issued upon the exercise of the Over-allotment Option.
- (3) The dividend of HK\$90 million to be distributed after the Global Offering has not been taken into account in calculating the unaudited pro forma adjusted net tangible assets attributable to owners of the Company.
- (4) The unaudited pro forma net tangible assets per Share is arrived at after adjustment for the net proceed from the Global Offering payable to our Company as described in note (2) and on the basis that a total of 3,726,750,000 Shares were in issue assuming that the Global Offering was completed on 31 December 2010 (including Shares in issue as at the date of this prospectus and those Shares to be issued pursuant to the Capitalisation Issue and the Global Offering, but excluding Shares that may be issued upon the exercise of the Over-allotment Option, the options granted under the Pre-IPO Share Option Scheme and the options which may be granted under the Share Option Scheme).

B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast earnings per share has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on 31 December 2010. This unaudited pro forma forecast earnings per Share has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of financial results of the Group following the Global Offering.

| Forecast combined profit attributable to owners of the Company for the six months ending 30 June 2011⁽¹⁾ | Unaudited pro forma forecast earnings per Share based on forecast profit attributable to owners of the Company for the six months ending 30 June 2011⁽²⁾ |
|--|--|
| Not less than RMB170.5 million (equivalent to HK\$204.5 million) ⁽³⁾ | Not less than RMB4.6 cents (HK5.5 cents) per Share ⁽³⁾ |

Notes:

- (1) The forecast combined profit attributable to owners of the Company for the six months ending 30 June 2011 is extracted from the section headed “Financial Information — Profit Forecast” in this prospectus. The bases on which the above profit forecast has been prepared are set out in Appendix III to this prospectus. The Directors have prepared the forecast combined profit attributable to owners of the Company for the six months ending 30 June 2011 based on the unaudited combined results of the Group for the four months ended 30 April 2011 and a forecast of the combined results of the Group for the remaining two months ending 30 June 2011. The forecast has been prepared on the basis of accounting policies consistent in all material respects with those presently adopted by the Group as set out in note 4 of section II of the Accountant’s Report included as Appendix I to this prospectus.
- (2) The calculation of unaudited pro forma forecast earnings per Share is based on the forecast combined profit attributable to owners of the Company for the six months ending 30 June 2011 and on the basis that 3,726,750,000 Shares were in issue during the entire period and assuming that the Capitalisation Issue and the Global Offering had been completed on 1 January 2011. The calculation takes no account of any Shares which may fall to be issued upon the exercise of the Over-allotment Option, the options granted under the Pre-IPO Share Option Scheme and the options which may be granted under the Share Options Scheme.
- (3) The forecast combined profit attributable to owners of the Company for the six months ending 30 June 2011 and the unaudited pro forma forecast earnings per Share are converted to HK\$ at an exchange rate of HK\$1.00 to RMB0.8337, the prevailing rate quoted by the People’s Bank of China on 3 June 2011.

The following is the text of a report received from Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

20 June 2011

The Directors
China Outfitters Holdings Limited
UBS AG, Hong Kong Branch

Dear Sirs,

We report on the unaudited pro forma adjusted combined net tangible assets and unaudited pro forma forecast earnings per share (the “Unaudited Pro Forma Financial Information”) of China Outfitters Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which have been prepared by the directors of the Company (the “Directors”) for illustrative purposes only, to provide information about how the global offering of 931,800,000 shares of HK\$0.1 each in the capital of the Company might have affected the financial information presented, for inclusion in Appendix II to the prospectus of the Company dated 20 June 2011 (the “Prospectus”). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in sections A and B of Appendix II to the Prospectus.

Respective Responsibilities of the Directors and Reporting Accountants

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the

unadjusted financial information with the source documents, considering the evidence supporting the adjustments, and discussing the Unaudited Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Our work has not been carried out in accordance with the auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 31 December 2010 or any future dates; or
- the forecast earnings per share of the Group for the six months ending 30 June 2011 or any future periods.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

The forecast of the combined profit attributable to owners of the Company for the six months ending 30 June 2011 is set out in the section headed “Financial Information — Profit Forecast” in this prospectus.

A. BASES AND ASSUMPTIONS

The Directors have prepared the forecast of the combined profit attributable to owners of the Company for the six months ending 30 June 2011, based on the unaudited combined results of the Group for the four months ended 30 April 2011 and a forecast of the combined results of the Group for the remaining two months ending 30 June 2011. The profit forecast has been prepared on a basis consistent in all material respects with the accounting policies we have presently adopted as set out in note 4 of Section II of the Accountant’s Report, the text of which is set out in Appendix I to this prospectus.

The Directors have made the following principal assumptions in the preparation of the profit forecast:

- (i) It is assumed that the Group will be able to continue its business as a going concern during the forecast period from 1 January 2011 to 30 June 2011.
- (ii) There will be no material changes in the existing political, legal, fiscal or economic conditions in the PRC in which the Group operates.
- (iii) The inflation rate, exchange rates and interest rates will not differ materially from those currently prevailing.
- (iv) There will be no material changes in the bases or rates of taxation in the PRC in which the Group operates, except as otherwise disclosed in this prospectus.
- (v) The Group’s operations will not be materially affected or interrupted by any force majeure events or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Directors, including but not limited to the occurrence of natural disasters, epidemics or serious accidents.
- (vi) The PRC government will continue to adopt the macroeconomic and monetary policies similar to those adopted in 2010, in order to maintain a consistent rate of economic growth.
- (vii) Except as disclosed elsewhere in this prospectus for capital expenditures, there will be no material change to the acquisition or disposal of assets and investment transactions.

B. LETTER FROM THE REPORTING ACCOUNTANT

The following is the text of a letter, prepared for inclusion in this prospectus received from the Company's reporting accountant, Ernst & Young, Certified Public Accountant, Hong Kong, in connection with the forecast of the combined profit attributable to owners of the Company for the six months ending 30 June 2011.



18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

20 June 2011

The Directors
China Outfitters Holdings Limited
UBS AG, Hong Kong Branch

Dear Sirs,

We have reviewed the calculations of and the accounting policies adopted in arriving at the forecast of the combined profit attributable to owners of China Outfitters Holdings Limited (the "Company", together with its subsidiaries, hereinafter collectively referred to as the "Group") for the six months ending 30 June 2011 (the "Profit Forecast") as set out in the paragraph headed "Profit Forecast" under the section headed "Financial Information" in the prospectus of the Company dated 20 June 2011 (the "Prospectus") for which the directors of the Company (the "Directors") are solely responsible.

We conducted our work with reference to Auditing Guideline 3.341 "Accountants' Report on Profit Forecasts" issued by the Hong Kong Institute of Certified Public Accountants.

The Profit Forecast has been prepared by the Directors based on the unaudited combined results of the Group for the four months ended 30 April 2011 and a forecast of the combined results of the Group for the remaining two months ending 30 June 2011.

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the basis made by the Directors as set out in Appendix III to the Prospectus, and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated 20 June 2011, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

C. LETTER FROM THE SOLE SPONSOR

The following is the text of a letter, prepared for inclusion in this prospectus received from the Sole Sponsor in connection with the forecast of the combined profit attributable to owners of the Company for the six months ending 30 June 2011.



20 June 2011

The Directors
China Outfitters Holdings Limited

Dear Sirs,

We refer to the forecast of the combined profit attributable to owners of China Outfitters Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the six months ending 30 June 2011 (the "Forecast") as set out in the prospectus issued by the Company dated 20 June 2011 (the "Prospectus").

The Forecast, for which the Directors of the Company are solely responsible, has been prepared by them based on the unaudited combined results of the Group for the four months ended 30 April 2011 and a forecast of the combined results of the Group for the remaining two months ending 30 June 2011.

We have discussed with you the bases made by the Directors of the Company as set out in Appendix III to the Prospectus upon which the Forecast has been made. We have also considered the letter dated 20 June 2011 addressed to yourselves and ourselves from Ernst & Young regarding the accounting policies and calculations upon which the Forecast has been made.

On the basis of the information comprising the Forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by Ernst & Young, we are of the opinion that the Forecast, for which you as Directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of
UBS AG, Hong Kong Branch

Ronald Tam
Executive Director

Jun Luo
Associate Director

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Norton Appraisals Limited, an independent valuer, in connection with its valuation as at 30th April 2011 of the property interests of the Group.



Unit 01, 21/F, Emperor Group Centre,
288 Hennessy Road, Wanchai, Hong Kong
Tel: (852) 2810 7337 Fax: (852) 2810 6337

20th June, 2011

The Board of Directors
China Outfitters Holdings Limited
Room 610, East Ocean Centre
98 Granville Road
Tsim Sha Tsui East
Kowloon
Hong Kong

Dear Sirs,

In accordance with the instructions from China Outfitters Holdings Limited (hereinafter referred to as the “Company”) for us to value the property interests held and leased by the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) located in the People’s Republic of China (hereinafter referred to as “the PRC”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of such property interests as at 30th April, 2011 (hereinafter referred to as the “Date of Valuation”).

This letter, forming part of our valuation report, identifies the property interests being valued, explains the basis and methodology of our valuation, and lists out the assumption and title investigation, which we have made in the course of our valuation, as well as the limiting conditions.

Basis of Valuation

Our valuation of the property interests represent our opinion of the market value which we would define as intended to mean “the estimated amount for which a property should exchange on the Date of Valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

Valuation Methodology

In valuing Property Nos. 1, 3, 4, 5 and 6 in Group I which are held and occupied by the Group in the PRC, we have valued the property interests by Direct Comparison Approach assuming sale of these property interests in their existing states with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market.

In valuing Property Nos. 2, 7 and 8 in Group I, due to the nature of buildings and structures constructed, there are no readily identifiable market comparables and accordingly such property interests cannot be valued by comparison with open market transactions. Therefore, we have adopted the Depreciated Replacement Cost (“DRC”) Approach in arriving at the values of such property interests. The DRC Approach is based on an estimate of the market value for the existing use of the land in the property, and the costs to reproduce or replace in new condition the buildings and structures being valued in accordance with current construction costs for similar buildings and structures in the locality, with allowance for accrued depreciation as evidenced by observed condition or obsolescence present, whether arising from physical, functional or economic causes. The DRC Approach generally furnishes the most reliable indication of value for property in the absence of a known market based on comparable sales.

We have not attributed any commercial value to the property interests in Group II which are leased by the Group, due either to the short-term nature of the leases or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rents.

Valuation Assumptions

Our valuation of each of the properties has been made on the assumption that such property is sold on the open market without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to affect its value. In addition, no account has been taken of any option or right of pre-emption concerning or affecting sales of the property interests and no forced sale situation in any manner is assumed in our valuations.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

Title Investigation

We have been provided by the Group with extract copies of documents in relation to the title to the property interests in the PRC. We have not examined the original documents to verify the ownership and to ascertain the existence of any amendments that may not appear on the copies handed to us. In the course of our valuation, we have relied on the advice given by the Company and the legal opinion prepared by Commerce & Finance Law Offices, the Group’s legal adviser on the PRC law (hereinafter referred to as the “PRC Legal Adviser”), regarding the titles for the property interests.

Limiting Conditions

We have inspected the exterior and, where possible the interior of the properties. In the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the properties are free from rot, infestation or any other defects. No tests were carried out on any of the services.

We have not carried out on-site measurements to verify the correctness of the site and floor areas of the properties but have assumed that the site and floor areas shown on the documents available to us are correct. Dimensions, measurements and areas included in the attached valuation certificates are based on information contained in the documents provided to us and are, therefore, only approximations.

Furthermore, we have not carried out any site investigations to determine or otherwise the suitability of the ground conditions, the presence or otherwise of contamination and the provision of or otherwise suitability for services, etc. for future development.

We have relied to a considerable extent on the information provided by the Group and the legal opinion of the PRC Legal Adviser. We have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, development proposals, construction costs already expended, estimated total construction costs, site and floor areas and all other relevant materials in the identification of the properties in which the Group has valid interests.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We were also advised by the Group that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In our valuation, we have complied with all the requirements contained in the Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards on Properties (1st Edition) published by The Hong Kong Institute of Surveyors (“HKIS”).

Remarks

Unless otherwise stated, all monetary amounts stated in our valuation certificates are in Renminbi.

We hereby confirm that we have neither present nor prospective interests in the Group, the properties or the values reported herein.

Our Summary of Values and the Valuation Certificates are enclosed herewith.

Yours faithfully,
For and on behalf of
Norton Appraisals Limited

Nick C. L. Kung *MRICS, MHKIS, RPS (G.P.)*
Director

Note: Mr. Nick C. L. Kung is a Registered Professional Surveyor who has more than 20 years’ experience in valuation of properties in Hong Kong and the PRC.

Summary of Values

| Property | Capital Value in existing state as at 30th April 2011 | Interest attributable to the Group | Capital Value attributable to the Group as at 30th April 2011 |
|--|---|------------------------------------|---|
| Group I — Property interests held and occupied by the Group in the PRC | | | |
| 1 No. 9, Lane 1225, Tongpu Road, Putuo District, Shanghai, the PRC | RMB20,400,000 | 100% | RMB20,400,000 |
| 2 No. 1698, Wangwei Road East, Fengjing Town, Jinshan District, Shanghai, the PRC | RMB16,300,000 | 100% | RMB16,300,000 |
| 3 Block 2, 興盛工業園 (Xingcheng Industry Park) , No. 7 Tongji Middle Road, Economic Technological Development Area, Daxing District, Beijing, the PRC | RMB17,800,000 | 100% | RMB17,800,000 |
| 4 Units B-302 and B-303, 3rd Floor, Block B Building No. 17, Fangcheng Garden Zone One, Fengtai District, Beijing, the PRC | RMB7,700,000 | 100% | RMB7,700,000 |
| 5 No. 81 and 82, Block J, Jiahai Urban Industry City, Panlongcheng Economic Development Zone, Huangpo District, Wuhan City, Hubei Province, the PRC | RMB4,800,000 | 100% | RMB4,800,000 |
| 6 Factory Building No. 3, Haike Electronic Information Industrial Park, No. 319, Qingpi Main Road, Chengdu National Cross-Strait Science and Technology Park, Wenjiang District, Chengdu City, Sichuan Province, the PRC | RMB12,800,000 | 100% | RMB12,800,000 |
| 7 An industrial complex located at the north of Xiaoxin Road, Economic Development Zone, (Land Lot No. 103-37-316), Dezhou City, Shandong Province, the PRC | RMB39,500,000 | 100% | RMB39,500,000 |

| Property | Capital Value in existing state as at 30th April 2011 | Interest attributable to the Group | Capital Value attributable to the Group as at 30th April 2011 |
|--|---|------------------------------------|---|
| 8 An industrial complex located at the west of Jinghua Road, Economic Development Zone, (Land Lot No. 103-37-307), Dezhou City, Shandong Province, the PRC | RMB13,700,000 | 100% | RMB13,700,000 |
| Sub-Total : | RMB133,000,000 | | RMB133,000,000 |
| Group II — Property interests leased by the Group in the PRC | | | |
| 9 Shop No. 405, 港匯廣場 (Grand Gateway), No. 1, Hongqiao Road, Xuhui District, Shanghai, the PRC | No Commercial Value | 100% | No Commercial Value |
| 10 No. 12, Lane 65, Huandong Yi Road, Area B, 楓涇工業區 (Fengjing Industrial Park), Jinshan District, Shanghai, the PRC | No Commercial Value | 100% | No Commercial Value |
| 11 Block B-B, No. 9 Xingcheng Road, 蘇州工業園區 (Suzhou Industrial Park), Weiting Village, Suzhou City, Jiangsu Province, the PRC | No Commercial Value | 100% | No Commercial Value |
| 12 Room 2209, 慧豐樓 (Huifeng Building), No. 239 Jiefang Zhong Road, Furong District, Changsha City, Hunan Province, the PRC | No Commercial Value | 100% | No Commercial Value |
| 13 No. 81 Renmin Road South, Jinjiang District, Chengdu City, Sichuan Province, the PRC | No Commercial Value | 100% | No Commercial Value |
| 14 Shop No. 227-228, 2/F 中天購物城 (Sky Galleria), No. 233 Tianhe Road North, Tianhe District, Guangzhou City, Guangdong Province, the PRC | No Commercial Value | 100% | No Commercial Value |

| Property | Capital Value in existing state as at 30th April 2011 | Interest attributable to the Group | Capital Value attributable to the Group as at 30th April 2011 |
|---|---|------------------------------------|---|
| 15 Shop No. 232, 2/F 天河城廣場 (Teemall Plaza), No. 208 Tianhe Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC | No Commercial Value | 100% | No Commercial Value |
| 16 Floor 2, Block 4, 裕景工業園 (Yujing Industrial Park), Dalingshan Road, Zhu Village, Tianhe District, Guangzhou City, Guangdong Province, the PRC | No Commercial Value | 100% | No Commercial Value |
| 17 Unit 602-1, North Area, Building 11, 舜泰廣場 (Shuntai Plaza), No. 2000 Shunhua Road, Gaoxin District, Jinan City, Shandong Province, the PRC | No Commercial Value | 100% | No Commercial Value |
| 18 Unit 304, 3/F, Block B, 華德廣場 (Huade Plaza), No. 131 Changfeng Main Road, Xiaodian District, Taiyuan City, Shanxi Province, the PRC | No Commercial Value | 100% | No Commercial Value |
| 19 Unit 310, 3/F, Block B, 華德廣場 (Huade Plaza), No. 131 Changfeng Main Road, Xiaodian District, Taiyuan City, Shanxi Province, the PRC | No Commercial Value | 100% | No Commercial Value |
| 20 Unit 7, 31/F, Block A, 武廣公寓樓 (Wuguang Gongyu Building), Jiangnan District, Wuhan City, Hubei Province, the PRC | No Commercial Value | 100% | No Commercial Value |

APPENDIX IV**PROPERTY VALUATION**

| Property | Capital Value in existing state as at 30th April 2011 | Interest attributable to the Group | Capital Value attributable to the Group as at 30th April 2011 |
|--|---|------------------------------------|---|
| 21 Rooms 1-3 South, 10/F, Block A, 天河軟件園華景園區 (Tianhe Software Park Huajing Park Zone) No. 89 Zhongshan Main Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC | No Commercial Value | 100% | No Commercial Value |
| 22 Rooms 4-11 South, 1-8 North, and 19 North, 10/F, Block A, 天河軟件園華景園區 (Tianhe Software Park Huajing Park Zone) No. 89 Zhongshan Main Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC | No Commercial Value | 100% | No Commercial Value |
| 23 Unit 307, 3/F, Block B, 華德廣場 (Huade Plaza), No. 131 Changfeng Main Road, Xiaodian District, Taiyuan City, Shanxi Province, the PRC | No Commercial Value | 100% | No Commercial Value |
| | Sub-Total : | | No Commercial Value |
| | GRAND TOTAL : | | <u>RMB133,000,000</u> |
| | | | <u>RMB133,000,000</u> |

Valuation Certificate

Group I — Property interests held and occupied by the Group in the PRC

| Property | Description and tenure | Particulars of occupancy | Capital value in its existing state as at 30th April, 2011 | |
|----------|--|---|---|--|
| 1 | No. 9, Lane 1225, Tongpu Road, Putuo District, Shanghai, the PRC | The property comprises a 4-storey industrial building having a total gross floor area of approximately 3,141.85 sq.m. erected on a parcel of land with a site area of approximately 1,557 sq.m., completed in 2002. The land use rights of the property have been granted for a term of 50 years from 19th March, 2004 to 18th March, 2054 for industrial use. | Unit 406 of the property, with a gross floor area of approximately 100 sq.m., is currently leased intragroup to 上海同瑞服飾有限公司 (Shanghai Doright Fashion Co., Ltd.) for a term from 1st December, 2008 to 31st December, 2015 for industrial use. The remainder of the property is currently occupied by the Group for industrial use. | RMB20,400,000 100% interest attributable to the Group: RMB20,400,000 |

Notes:

Section I : Title Document

- i) Pursuant to the Certificate of Real Estate Ownership No.【滬房地普字(2004)第022729號】 issued by 上海市房地資源管理局 (Shanghai Housing and Land Resources Administration Bureau) on 27th May, 2004, the ownership of the property with a site area of 1,557 sq.m. and total gross floor area of 3,141.85 sq.m. is vested in 上海保威服飾有限公司 (Shanghai Baowei Fashion Co., Ltd.) for a term of 50 years from 19th March, 2004 to 18th March, 2054 for industrial use.

Section II : Corporate Background

- ii) Pursuant to the Business Licence No. 310228000281679 dated 15th October, 2007, 上海保威服飾有限公司 (Shanghai Baowei Fashion Co., Ltd.) was established with a registered capital of RMB1,000,000 for an operation period from 5th April, 1999 to 3rd April, 2014. The scope of business includes sales, commodity information, business management and investment consulting of clothing, textiles, daily use products, leather products, educational materials, shoes and hats, clothing finishing materials, power tools, tableware, auto parts and industrial chemicals (nontoxic).

Section III: PRC Legal Opinion

- iii) We have been provided with a legal opinion on the property prepared by the PRC Legal Adviser, which contains, *inter alia*, the following information:
- (1) Shanghai Baowei Fashion Co., Ltd. legally holds the Certificate of Real Estate Ownership for the state-owned land use rights of the property.
 - (2) At the time of issue of the PRC Legal Opinion, the aforementioned state-owned land use rights have no ownership disputes, sequestration, mortgage, lease and other rights, or any other third party interests that may restrict the usage rights of the property.

- (3) Shanghai Baowei Fashion Co., Ltd. has the right, during the remaining land use rights period, in accordance with the law, to utilize, transfer these rights, mortgage or lease out or any other method of dividing the aforementioned land use rights, as a whole or in portions.
- (4) The land premiums and land taxes of the land use rights have been fully settled.
- (5) Shanghai Baowei Fashion Co., Ltd. has already carried out all the required procedures to obtain the state-owned land use rights of the land, possesses the Certificate for State-owned Land Use Rights, and legally enjoys the state-owned land use rights of the land.
- (6) While the land use and term remain unchanged, Shanghai Baowei Fashion Co., Ltd. is not required to pay any more land premiums for the transfer of land use rights.
- (7) The aforementioned land is not subject to mandatory acquisition, foreclosure or other major adverse circumstances.
- (8) The Certificate of Real Estate Ownership of the aforementioned building is not subject to ownership disputes, mortgage, lease and other rights, or any third party interests that may restrict the usage rights of the property.
- (9) Shanghai Baowei Fashion Co., Ltd. legally possesses all rights and is the sole party with legal rights to the aforementioned building, and has the right in accordance with the law to occupy, utilize, transfer these rights, lease or mortgage the aforementioned building.

Valuation Certificate

| Property | Description and tenure | Particulars of occupancy | Capital value in its existing state as at 30th April, 2011 |
|--|--|---|--|
| 2 No. 1698, Wangwei Road East, Fengjing Town, Jingshan District, Shanghai, the PRC | <p>The property comprises an industrial complex erected on a parcel of land with a site area of approximately 12,330 sq.m.</p> <p>The industrial complex comprises 5 blocks of 1 to 6-storey building for workshop, warehouse, office, water pump room and ancillary uses. The subject buildings and structures of the industrial complex with a total gross floor area of approximately 10,351.27 sq.m. were completed around 1997.</p> <p>The land use rights of the property have been granted for industrial use for a term expiring on 30th December, 2055.</p> | <p>Units 201, 301, 303, 401 and 501 in Block 4 of the property, with a total gross floor area of approximately 5000 sq.m., are currently leased intragroup to five subsidiaries of the Group, all for a term of 5 years from 1st January, 2010 to 31st December, 2015 for industrial use.</p> <p>The remainder of the property is currently occupied by the Group for industrial use.</p> | <p>RMB16,300,000</p> <p>100% interest attributable to the Group: RMB16,300,000</p> |

Notes:

Section I : Title Documents

- i) Pursuant to the Certificate of Real Estate Ownership No.【滬房地金字(2007)第008911號】issued by 上海市房屋土地資源管理局 (Shanghai Housing and Land Resources Administration Bureau) on 18th September, 2007, the ownership of the property with a site area of 12,330 sq.m. and total gross floor area of 10,351.27 sq.m. is vested in 上海同瑞服飾有限公司 (Shanghai Doright Fashion Co., Ltd) for a term of 50 years from 31st December, 2005 to 30th December, 2055 for industrial use.
- ii) Pursuant to the Contract for Grant of State-owned Land Use Rights (the "Contract")【滬金房地(2005)出讓合同第333號】entered into between 上海市金山區房屋土地管理局 (Shanghai Jingshan District Housing and Land Administration Bureau) (the "Bureau") and the 上海同瑞服飾有限公司 (Shanghai Doright Fashion Co., Ltd) dated 31st December, 2005, the Bureau agreed to grant the land use rights of the property to the 上海同瑞服飾有限公司 (Shanghai Doright Fashion Co., Ltd). The salient conditions stipulated in the Contract are summarised as follows:

- (a) Location : 上海市金山區楓涇鎮10街坊6/6宗地地塊
- (b) Site area : 12,330 sq.m.
- (c) Land use : industrial
- (d) Land use term : 50 years
- (e) Land grant consideration : RMB649,174.50
- (f) Plot ratio : not exceeding 1.5
- (g) Greenery ratio : not less than 25%
- (h) Building covenant : construction works shall be commenced before 30th June, 2006 and completed before 31st December, 2007

Section II : Corporate Background

- iii) Pursuant to the Business Licence No. 310000400351416 (金山) dated 8th August, 2008 上海同瑞服飾有限公司 (Shanghai Doright Fashion Co., Ltd), was established with a registered capital of USD5,000,000 for an operation period from 6th August, 2003 to 5th August, 2053. The scope of business includes the design and production of knitted, woven and leather garments and accessories, the sales of manufactured products, as well as merchandising and packaging, the wholesale of shoes and hats, import and export business and related services.

Section III: PRC Legal Opinion

- iv) We have been provided with a legal opinion on the property prepared by the PRC Legal Adviser, which contains, *inter alia*, the following information:
- (1) Shanghai Doright Fashion Co., Ltd. legally holds the aforementioned Certificate of Real Estate Ownership for the state-owned land use rights of the property.
 - (2) At the time of issue of the PRC Legal Opinion, the aforementioned state-owned land use rights have no ownership disputes, sequestration, mortgage, lease and other rights, or any other third party interests that may restrict the usage rights of the property.
 - (3) Shanghai Doright Fashion Co., Ltd. has the right, during the remaining land use rights period, in accordance with the law, to utilize, transfer these rights, mortgage or lease out or any other method of subdividing the aforementioned land use rights, as a whole or in portions.
 - (4) For the actual use of the aforementioned land adopted by Shanghai Doright Fashion Co., Ltd, it is in compliance with the land use specified in the relevant certificates.
 - (5) Shanghai Doright Fashion Co., Ltd. has already carried out all the required procedures to obtain the state-owned land use rights of the land, possesses the Certificate for State-owned Land Use Rights, and legally enjoys the state-owned land use rights of the land.
 - (6) The land premiums and land taxes of the land use rights have been fully settled.
 - (7) While the land use and term remain unchanged, Shanghai Doright Fashion Co., Ltd. is not required to pay any more land premiums for the transfer of land use rights.
 - (8) The aforementioned land is not subject to mandatory acquisition, foreclosure or other major adverse circumstances.
 - (9) The Certificate of Real Estate Ownership of the aforementioned buildings is not subject to ownership disputes, sequestration, mortgage, lease and other rights, or other third party interests that may restrict the usage rights of the property.
 - (10) Shanghai Doright Fashion Co., Ltd. legally possesses all rights and is the sole party with legal rights to the aforementioned buildings, and has the right in accordance with the law to occupy, utilize, transfer these rights, lease or mortgage the aforementioned buildings.

Valuation Certificate

| Property | Description and tenure | Particulars of occupancy | Capital value in its existing state as at 30th April, 2011 |
|----------|---|--|--|
| 3 | Block 2, 興盛工業園 (Xingcheng Industry Park) (the "Development") , No. 7 Tongji Middle Road, Economic Technological Development Area, Daxing District, Beijing, the PRC | 興盛工業園 (Xingcheng Industry Park) (the "Development") comprises a parcel of land with a site area of approximately 41,590.10 sq.m. Block 2 of the Development comprises a 3-storey industrial building with a total gross floor area of approximately 2,536.07 sq.m. completed around 2004. The land use rights of the property have been granted for industrial use for a term expiring on the 17th November, 2052. | The property is currently occupied by the Group for warehouse use. RMB17,800,000 100% interest attributable to the Group: RMB17,800,000 |

Notes:

Section I : Title Documents

- i) Pursuant to the Certificate for Building Ownership No.【京房權證開股字第00097號】 dated 29th October, 2004 issued by 北京市建設委員會 (Beijing Construction Committee), the property with a gross floor area of approximately 2,536.07 sq.m. is legally vested in 上海同瑞服飾有限公司 (Shanghai Doright Fashion Co., Ltd) for industrial use.
- ii) Pursuant to a 工業廠房買賣合同 (Industrial Workshop Sale Contract) (the "Contract") dated 26th August, 2004 entered into between 北京金地科創投資有限公司 and 上海同瑞服飾有限公司 (Shanghai Doright Fashion Co., Ltd), the former agreed to transfer the property together with the land use rights of the property with a gross floor area of approximately 2,536.7 sq.m. to the latter for industrial use at a consideration of RMB8,622,638.

Section II : Corporate Background

- iii) Pursuant to the Business Licence No. 310000400351416 (金山) dated 8th August, 2008 上海同瑞服飾有限公司 (Shanghai Doright Fashion Co., Ltd), was established with a registered capital of USD5,000,000 for an operation period from 6th August, 2003 to 5th August, 2053. The scope of business includes the design and production of knitted, woven and leather garments and accessories, the sales of manufactured products, as well as merchandising and packaging, the wholesale of shoes and hats, import and export business and related services.

Section III: PRC Legal Opinion

- iv) We have been provided with a legal opinion on the property prepared by the PRC Legal Adviser, which contains, *inter alia*, the following information:
 - (1) The Certificate of Building Ownership of the aforementioned building is not subject to ownership disputes, sequestration, mortgage, lease and other rights, or any third party interests that may restrict the usage rights of the property.

- (2) Shanghai Doright Fashion Co., Ltd. legally possesses all rights and is the sole party with legal rights to the aforementioned buildings, and has the right in accordance with the law to occupy, utilize, transfer these rights, lease or mortgage the aforementioned buildings.
- (3) The contents of the aforementioned Industrial Workshop Sale Contract are legally effective and legally binding on the signed parties.
- (4) The land premiums of the land use rights have been fully settled.
- (5) The aforementioned land is not under mandatory acquisition, foreclosure or other major adverse circumstances.
- (6) Shanghai Doright Fashion Co., Ltd has obtained the Certificate of Building Ownership but has not obtained the Certificate of State-owned Land Use Rights of the aforementioned property.
- (7) Upon the completion of the master development, there is no legal impediment for Shanghai Doright Fashion Co., Ltd to obtain the Certificate of State-owned Land Use Rights of the property.
- (8) While the land use and term remain unchanged, Shanghai Doright Fashion Co., Ltd. is not required to pay any more land premiums for the transfer of land use rights.
- (9) At the time of issue of the PRC Legal Opinion, the aforementioned state-owned land use rights have no ownership disputes, sequestration, mortgage, lease and other rights, or any other third party interests.
- (10) Shanghai Doright Fashion Co., Ltd. has the right, during the remaining land use rights period, in accordance with the law, to utilize, transfer these rights, mortgage or lease out or any other method of dividing the aforementioned land use rights, as a whole or in portions.

Valuation Certificate

| Property | Description and tenure | Particulars of occupancy | Capital value in its existing state as at 30th April, 2011 |
|--|---|--|--|
| 4 Units B-302 and B-303, 3rd Floor, Block B Building No. 17, Fangcheng Garden Zone One, Fengtai District, Beijing, the PRC | 芳城園一區17號樓 (日月天地) (Riyuetiandi No.17, Fangcheng Garden Zone One), comprises 2 blocks of residential / commercial building (28-storey) with 3 levels of basement completed in 2004. The property comprises two residential units on the 3rd floor of Block B with a total gross floor area of approximately 426.24 sq.m. | Unit B-302 and B-303 are currently occupied by the Group for office use. | RMB7,700,000 100% interest attributable to the Group: RMB7,700,000 |

Notes:

Section I : Title Documents

- i) Pursuant to 2 Certificates for Building Ownership issued by北京市豐台區建設委員會 (Beijing Fengtai District Construction Committee) dated 31st May, 2009, two units of the property are legally vested in 上海同瑞服飾有限公司 (Shanghai Doright Fashion Co., Ltd) with a total gross floor area of 426.24 sq.m. for residential use. The salient details are listed as follows:

| Certificate No. | Floor | Unit | Issued Date | Gross Floor Area (sq.m.) |
|-----------------|-------|-------|----------------|-----------------------------|
| X京房權證豐字第117989號 | 3/F | B-302 | 31st May, 2009 | 213.12 |
| X京房權證豐字第117991號 | 3/F | B-303 | 31st May, 2009 | 213.12 |
| Total : | | | | <u>426.24</u> |

Section II : Corporate Background

- ii) Pursuant to the Business Licence No. 310000400351416 (金山) dated 8th August, 2008 上海同瑞服飾有限公司 (Shanghai Doright Fashion Co., Ltd), was established with a registered capital of USD5,000,000 for an operation period from 6th August, 2003 to 5th August, 2053. The scope of business includes the design and production of knitted, woven and leather garments and accessories, the sales of manufactured products, as well as merchandising and packaging, the wholesale of shoes and hats, import and export business and related services.

Section III: PRC Legal Opinion

- iii) We have been provided with a legal opinion on the property prepared by the PRC Legal Adviser, which contains, *inter alia*, the following information:
- (1) Shanghai Doright Fashion Co., Ltd. has obtained the Certificate of Building Ownership and currently already enjoys the corresponding land use rights of the building.
 - (2) Shanghai Doright Fashion Co., Ltd. has the right, in accordance with the law, to utilize, transfer these rights, mortgage or lease out or any other method of dividing the aforementioned land use rights.
 - (3) The Certificates of Building Ownership of the aforementioned property are not subject to ownership disputes, sequestration, mortgage, lease and other rights, or any third party interests that may restrict the usage rights of the property.

- (4) Shanghai Doright Fashion Co., Ltd. legally possesses all rights and is the sole party with legal rights to the aforementioned buildings, and has the right in accordance with the law to occupy, utilize, transfer these rights, lease or mortgage the aforementioned buildings.

Section IV: Others

- iv) Pursuant to the Agreement entered into between 上海簡雅企業發展有限公司 and 上海同瑞服飾有限公司 on 12th May, 2009, the property was agreed to be transferred from 上海簡雅企業發展有限公司 to 上海同瑞服飾有限公司 for a consideration of RMB3,073,190.40.

Valuation Certificate

| Property | Description and tenure | Particulars of occupancy | Capital value in its existing state as at 30th April, 2011 |
|---|--|---|--|
| 5 No. 81 and 82, Block J, Jiahai Urban Industry City, Panlongcheng Economic Development Zone, Huangpo District, Wuhan City, Hubei Province, the PRC | <p>佳海都市工業城 (Jiahai Urban Industry City) (the “Development”) comprises a parcel of land with an irregular shape, having a site area of approximately 2,200 mu (1,466,674 sq.m.) and is planned to be developed into a large scale industrial / commercial / residential composite development with a total gross floor area approximately of 1,700,000 sq.m.</p> <p>The property comprises 2 blocks of 2 to 3-storey industrial buildings (Block J Nos. 81 and 82) of the Development with a total site area of 936.64 sq.m. and total gross floor area of approximately 2,412.47 sq.m. completed around 2007.</p> <p>The land use rights of the property have been granted for industrial use for a term expiring on 14th January, 2054.</p> | The property is currently occupied by the Group for warehouse and office use. | RMB4,800,000 100% interest attributable to the Group: RMB4,800,000 |

Notes:

Section I : Title Documents

- i) Pursuant to 2 Certificates for Building Ownership issued by 武漢市國土資源和房屋管理局 (Wuhan City Land Resources and Housing Administration Bureau) both dated 26th December, 2007, the ownership of 2 blocks of the Development, are vested in 上海同瑞服飾有限公司 (Shanghai Doright Fashion Co., Ltd) with a total gross floor area of 2,412.47 sq.m. for industrial use. The salient details are listed as follows:

| Certificate No. | Block No. | No. of Storey | Gross Floor Area (sq.m.) |
|---------------------|-----------|----------------|-----------------------------|
| 武房權證黃19字第200703968號 | J81 | 2 | 804.16 |
| 武房權證黃19字第200703969號 | J82 | 3 | 1,608.31 |
| | | Total : | <u>2,412.47</u> |

- ii) Pursuant to 2 Certificates for State-owned Land Use Rights No. 【黃陂國用(2008)第1095 and 1096 號】 issued by 武漢市黃陂區市人民政府 (The People’s Government of Huangpo District Wuhan City) on 9th July 2008, the land use rights of the property, having a total site area of 936.64 sq.m., have been granted to 上海同瑞服飾有限公司 (Shanghai Doright Fashion Co., Ltd) with a land use term expiring on 14th January, 2054 for industrial use.

Section II : Corporate Background

- iii) Pursuant to the Business Licence No. 310000400351416 (金山) dated 8th August, 2008 the 上海同瑞服飾有限公司 (Shanghai Doright Fashion Co., Ltd), was established with a registered capital of USD5,000,000 for an operation period from 6th August, 2003 to 5th August, 2053. The scope of business includes the design and production of knitted, woven and leather garments and accessories, the sales of manufactured products, as well as merchandising and packaging, the wholesale of shoes and hats, import and export business and related services.

Section III: PRC Legal Opinion

- iv) We have been provided with a legal opinion on the property prepared by the PRC Legal Adviser, which contains, *inter alia*, the following information:
- (1) Shanghai Doright Fashion Co., Ltd. legally holds the aforementioned Certificates for State-owned Land Use Rights for the state-owned land use rights of the property.
 - (2) At the time of issue of the PRC Legal Opinion, the aforementioned state-owned land use rights have no ownership disputes, sequestration, mortgage, lease and other rights, or any other third party interests that may restrict the usage rights of the property.
 - (3) Shanghai Doright Fashion Co., Ltd. has the right, during the remaining land use rights period, in accordance with the law, to utilize, transfer these rights, mortgage or lease out or any other method of subdividing the aforementioned land use rights, as a whole or in portions.
 - (4) The Certificates of Building Ownership of the aforementioned buildings are not subject to ownership disputes, sequestration, mortgage, lease and other rights, or any third party interests that may restrict the usage rights of the property.
 - (5) Shanghai Doright Fashion Co., Ltd. legally possesses all rights and is the sole party with legal rights to the aforementioned buildings, and has the right in accordance with the law to occupy, utilize, transfer these rights, lease or mortgage the aforementioned buildings.
 - (6) The land premiums of the land use rights have been fully settled.
 - (7) The aforementioned land is not under mandatory acquisition, foreclosure or other major adverse circumstances.
 - (8) For the actual use of the aforementioned land adopted by Shanghai Doright Fashion Co., Ltd, it is in compliance with the land use specified in the relevant certificates.

Section IV: Others

- v) Pursuant to the Agreement entered into between 武漢佳海房地產開發有限公司 and 上海同瑞服飾有限公司 on 1st November, 2007, the property was agreed to be transferred from 武漢佳海房地產開發有限公司 to 上海同瑞服飾有限公司 for a consideration of RMB3,847,455.60.

Valuation Certificate

| Property | Description and tenure | Particulars of occupancy | Capital value in its existing state as at 30th April, 2011 |
|--|--|--|--|
| 6 Factory Building No. 3, Haike Electronic Information Industrial Park, No. 319, Qingpi Main Road, Chengdu National Cross-Strait Science and Technology Park, Wenjiang District, Chengdu City, Sichuan Province, the PRC | 海科電子信息產業園 (Haike Electronic Information Industrial Park) (the "Development") having a site area of 36.7 mu (24,466.78 sq.m.), comprises various industrial / office buildings, dormitories and canteen etc. The property comprises a 5-storey industrial building with a total gross floor area of approximately 5,133.968 sq.m. completed around 2009. | The property, with a gross floor area of 5,133.968 sq.m., is currently leased intragroup to 上海保德威服飾有限公司 (Shanghai Bolderway Fashion Co., Ltd) for a term of 2 years and 1 month from 1st December, 2009 to 31st December, 2012 for warehouse and office use. | RMB12,800,000 100% interest attributable to the Group: RMB12,800,000 |

Notes:

Section I : Title Documents

- i) Pursuant to a 標準廠房轉讓合同 (Contract for the Transfer of Industrial Building Rights) (the "Contract") dated 6th November, 2009 entered into between 成都海科房地產開發有限責任公司 and 上海同瑞服飾有限公司 (Shanghai Doright Fashion Co., Ltd), the former agreed to transfer the title of the property, with a gross floor area of approximately 5,133.968 sq.m. to the latter for industrial use at a consideration of RMB9,395,161.44.

Section II : Corporate Background

- ii) Pursuant to the Business Licence No. 310000400351416 (金山) dated 8th August, 2008, 上海同瑞服飾有限公司 (Shanghai Doright Fashion Co., Ltd), was established with a registered capital of USD5,000,000 for an operation period from 6th August, 2003 to 5th August, 2053. The scope of business includes the design, and production of knitted, woven and leather garments and accessories, the sales of manufactured products, as well as merchandising and packaging, the wholesale of shoes and hats, import and export business and related services.

Section III: PRC Legal Opinion

- iii) We have been provided with a legal opinion on the property prepared by the PRC Legal Adviser, which contains, *inter alia*, the following information:
- (1) Upon the obtaining of the Certificate of State-owned Land Use Rights for the whole master development, there is no legal obstacle for Shanghai Doright Fashion Co., Ltd to obtain the respective Certificate of State-owned Land Use Rights and the Certificate of Building Ownership.
 - (2) The aforementioned buildings are not subject to ownership disputes, sequestration, mortgage, lease and other rights, or any third party interests that may restrict the usage rights of the property.
 - (3) The land premiums of the land use rights have been fully settled.
 - (4) The aforementioned land is not under mandatory acquisition, foreclosure or other major adverse circumstances.
 - (5) The aforementioned Contract for the Transfer of Industrial Building Rights is legally valid and binding on both parties. After 成都海科房地產開發有限責任公司 has obtained the Certificate for State-owned Land Use Rights, the obtaining of the Certificate for Building Ownership by Shanghai Doright Fashion Co., Ltd will have no significant legal obstacle.

Section IV: Others

- iv) Pursuant to the Agreement entered into between 成都海科房地產開發有限責任公司 and 上海同瑞服飾有限公司 on 6th November, 2009, the property was agreed to be transferred from 成都海科房地產開發有限責任公司 to 上海同瑞服飾有限公司 for a consideration of RMB9,395,161.44.

Valuation Certificate

| Property | Description and tenure | Particulars of occupancy | Capital value in its existing state as at 30th April, 2011 | |
|----------|---|--|---|--|
| 7 | An industrial complex located at the north of Xiaoxin Road, Economic Development Zone, (Land Lot No. 103-37-316), Dezhou City, Shandong Province, the PRC | The property comprises an industrial complex erected on a parcel of land with a site area of approximately 74,687 sq.m. The industrial complex includes an office building, warehouses, dormitories, a staff canteen, pump rooms, and other associated structures including road work and boundary walls etc., with a total gross floor area of approximately 25,827.01 sq.m. completed around 2007 and 2008. The land use rights of the property have been granted for industrial use for a term expiring on 4th September, 2056. | A portion of the property, with a total gross floor area of 4,956.77 sq.m., is currently leased intragroup to 德州中合商用展櫃有限公司 (Dezhou Allied Commercial Display Co., Ltd.) for a term of 10 years from 28th February 2011, to 29th February 2021 for industrial use. The remainder of the property is currently occupied by the Group for industrial use. | RMB39,500,000 100% interest attributable to the Group: RMB39,500,000 |

Notes:

Section I : Title Documents

- i) Pursuant to 7 Certificates for Building Ownership issued by 德州市房產管理局 (Dezhou City Real Estate Administration Bureau), the titles of the property are vested in 德州中合服飾有限公司 (Dezhou Sino-Union Garment Co., Ltd.) with a total gross floor area of 25,827.01 sq.m. for a term expiring on 4th September, 2056 for industrial use. The salient details are listed as follows:

| Certificate No. | Use | Issue date | Expiring date | Gross Floor Area (sq.m.) |
|-----------------|-----------------|--------------------|---------------------|--------------------------|
| 房權證魯德字第108527號 | Factory | 30th August, 2007 | 4th September, 2056 | 4,956.77 |
| 房權證魯德字第109090號 | Office Building | 31st October, 2008 | 4th September, 2056 | 2,415.91 |
| 房權證魯德字第109091號 | Workshop | 31st October, 2008 | 4th September, 2056 | 4,417.74 |
| 房權證魯德字第109092號 | Factory | 31st October, 2008 | 4th September, 2056 | 4,180.89 |
| 房權證魯德字第109093號 | Staff canteen | 31st October, 2008 | 4th September, 2056 | 1,533.18 |
| 房權證魯德字第109094號 | Workshop | 31st October, 2008 | 4th September, 2056 | 4,414.10 |
| 房權證魯德字第109095號 | Dormitories | 31st October, 2008 | 4th September, 2056 | 3,908.42 |
| Total : | | | | <u>25,827.01</u> |

- ii) Pursuant to the Certificate for State-owned Land Use Rights No. 【德國用(2006)第322號】issued by the 德州市人民政府 (The People's Government of Dezhou City) dated 20th November, 2006, the land use rights of the property, having a site area of 74,687 sq.m., have been granted to 德州中合服飾有限公司 (Dezhou Sino-Union Garment Co., Ltd) for a term expiring on 4th September, 2056 for industrial use.

Section II : Corporate Background

- iii) Pursuant to the Business Licence No. 371400400001788 dated 2nd November, 2009 德州中合服飾有限公司 (Dezhou Sino-Union Garment Co., Ltd.), was established with a registered capital of USD600,000 with an operation period from 6th January, 2005 to 5th January, 2025. The scope of business includes the manufacture, design and consultation of garments, leather products (excluding leather manufacturing) and clothing accessories, the production and installation of garment display cabinets and the sales of company products.

Section III: PRC Legal Opinion

- iv) We have been provided with a legal opinion on the property prepared by the PRC Legal Adviser, which contains, *inter alia*, the following information:
- (1) Dezhou Sino-Union Garment Co., Ltd legally possesses the Certificate for State-owned Land Use Rights of the site and legally enjoys the state-owned land use rights of the site.
 - (2) At the time of issue of the PRC Legal Opinion, the aforementioned state-owned land use rights are not subject to ownership disputes, sequestration, mortgage, lease and other rights or any third party interests that may restrict the land use rights of the property.
 - (3) Dezhou Sino-Union Garment Co., Ltd has the right, during the remaining land use rights period, in accordance with the law, to utilize, transfer these rights, mortgage or lease out or other methods of subdividing the aforementioned land use rights, as a whole or in portions.
 - (4) Dezhou Sino-Union Garment Co., Ltd has already settled the full consideration for land transfer and land taxes.
 - (5) Dezhou Sino-Union Garment Co., Ltd has already carried out all the required procedures to obtain the state-owned land use rights of the site, possesses the Certificate for State-owned Land Use Rights for the site and legally enjoys the state-owned land use rights of the site. On the condition that the land use purpose and the term are unchanged, Dezhou Sino-Union Garment Co., Ltd needs not pay further consideration for the transfer of land use rights. The aforementioned land is not subject to mandatory acquisition, foreclosure or other major adverse circumstances.
 - (6) The Certificates of Building Ownership of the aforementioned buildings are not subject to ownership disputes, sequestration, mortgage, lease and other rights, or other third party interests that may restrict the usage rights of the property.
 - (7) Dezhou Sino-Union Garment Co., Ltd. legally possesses all rights and is the sole party with legal rights to the aforementioned buildings, and has the right in accordance with the law to occupy, utilize, transfer these rights, lease or mortgage the aforementioned buildings.

Valuation Certificate

| Property | Description and Tenure | Particulars of Occupancy | Capital value in its existing state as at 30th April, 2011 | | | | | | | | | | | | | | | |
|----------------------|--|---|--|------------------------|-------------------|---|----------|------------|---|----------|----------------------|---|-----------------|----------------|--|------------------------|--|--|
| 8 | An industrial complex located at the west of Jinghua Road, Economic Development Zone, (Land Lot No. 103-37-307), Dezhou City, Shandong Province, the PRC | The property is currently occupied by the Group for industrial use. | RMB13,700,000 100% interest attributable to the Group: RMB13,700,000 | | | | | | | | | | | | | | | |
| | <p>Approximate</p> <table border="1"> <thead> <tr> <th>Building Use</th> <th>No. of Storey</th> <th>Gross Floor Area sq.m.</th> </tr> </thead> <tbody> <tr> <td>1 Office Building</td> <td>4</td> <td>2,549.92</td> </tr> <tr> <td>2 Workshop</td> <td>1</td> <td>2,538.70</td> </tr> <tr> <td>3 Composite Building</td> <td>2</td> <td><u>3,628.25</u></td> </tr> <tr> <td>Total :</td> <td></td> <td><u>8,716.87</u></td> </tr> </tbody> </table> | Building Use | No. of Storey | Gross Floor Area sq.m. | 1 Office Building | 4 | 2,549.92 | 2 Workshop | 1 | 2,538.70 | 3 Composite Building | 2 | <u>3,628.25</u> | Total : | | <u>8,716.87</u> | | |
| Building Use | No. of Storey | Gross Floor Area sq.m. | | | | | | | | | | | | | | | | |
| 1 Office Building | 4 | 2,549.92 | | | | | | | | | | | | | | | | |
| 2 Workshop | 1 | 2,538.70 | | | | | | | | | | | | | | | | |
| 3 Composite Building | 2 | <u>3,628.25</u> | | | | | | | | | | | | | | | | |
| Total : | | <u>8,716.87</u> | | | | | | | | | | | | | | | | |
| | The land use rights of the property have been granted for industrial use for a term expiring on 23rd March, 2050. | | | | | | | | | | | | | | | | | |

Notes :

Section I : Title Documents

- i) Pursuant to 2 Certificates for Building Ownership issued by 德州市房產管理局 (Dezhou City Real Estate Administration Bureau), the titles of the property are vested in 德州中合服飾有限公司 (Dezhou Sino-Union Garment Co., Ltd.) with a total gross floor area of 5,088.62 sq.m. for terms expiring on 23rd March, 2050 for industrial use. The salient details are listed as follows:

| Certificate No. | Use | Expiry date | Gross Floor Area (sq.m.) |
|-----------------|-----------------|------------------|--------------------------|
| 房權證魯德字第109360號 | Office Building | 23rd March, 2050 | 2,549.92 |
| 房權證魯德字第109361號 | Workshop | 23rd March, 2050 | <u>2,538.70</u> |
| | Total : | | <u>5,088.62</u> |

- ii) Pursuant to the Certificate for Building Ownership No【房權證魯德字第110781號】registered 22nd June, 2010, issued by 德州市房產管理局 (Dezhou City Real Estate Administration Bureau), the title of the Composite Building of the property is vested in 德州中合服飾有限公司 (Dezhou Sino-Union Garment Co., Ltd) with a total gross floor area of 3,628.25 sq.m. for a term expiring on 23rd March, 2050 for composite building use.

- iii) Pursuant to the Certificate for State-owned Land Use Rights No. 【德國用(2008)第131號】 issued by 德州市人民政府 (The People's Government of Dezhou City) dated 16th April, 2008, the land use rights of the property, having a site area of 26,227.73 sq.m. have been granted to 德州中合服飾有限公司 (Dezhou Sino-Union Garment Co., Ltd.) for a term expiring on 23rd March, 2050 for industrial use.

Section II : Corporate Background

- iv) Pursuant to the Business Licence No. 371400400001788 dated 2nd November, 2009 the 德州中合服飾有限公司 (Dezhou Sino-Union Garment Co., Ltd.), was established with a registered capital of USD600,000 with an operation period from 6th January, 2005 to 5th January, 2025, The scope of business includes the manufacture, design and consultation of garments, leather products (excluding leather manufacturing) and clothing accessories, the production and installation of garment display cabinets and the sales of company products.

Section III: PRC Legal Opinion

- v) We have been provided with a legal opinion on the property prepared by the PRC Legal Adviser, which contains, *inter alia*, the following information:
- (1) Dezhou Sino-Union Garment Co., Ltd legally possesses the Certificate for State-owned Land Use Rights of the site and legally enjoys the state-owned land use rights of the site.
 - (2) At the time of issue of the PRC Legal Opinion, the aforementioned state-owned land use rights are not subject to ownership disputes, sequestration, mortgage, lease and other forms of other rights or any third party interests that may restrict the land use rights of the property.
 - (3) Dezhou Sino-Union Garment Co., Ltd has the right, during the remaining land use rights period, in accordance with the law, to utilize, transfer these rights, mortgage or lease out or other methods of subdividing the aforementioned land use rights, as a whole or in portions.
 - (4) Dezhou Sino-Union Garment Co., Ltd has already settled the full consideration for land transfer and land taxes.
 - (5) Dezhou Sino-Union Garment Co., Ltd has already carried out all the required procedures to obtain the state-owned land use rights of the site, possesses the Certificate for State-owned Land Use Rights for the site and legally enjoys the state-owned land use rights of the site. On the condition that the land use purpose and the term are unchanged, Dezhou Sino-Union Garment Co., Ltd needs not pay further consideration for the transfer of land use rights. The aforementioned land is not subject to mandatory acquisition, foreclosure or other major adverse circumstances.
 - (6) The Certificates of Building Ownership of the aforementioned buildings are not subject to ownership disputes, sequestration, mortgage, lease and other rights, or other third party interests that may restrict the usage rights of the property.
 - (7) Dezhou Sino-Union Garment Co., Ltd. legally possesses all rights and is the sole party with legal rights to the aforementioned buildings, and has the right in accordance with the law to occupy, utilize, transfer these rights, lease or mortgage the aforementioned buildings.

Section IV: Others

- vi) Pursuant to the Agreement entered into between 德州經濟開發區管委會 and 德州中合服飾有限公司 on 6th January, 2008, the property was agreed to be transferred from 德州經濟開發區管委會 to 德州中合服飾有限公司 for a consideration of RMB8,000,000.

Valuation Certificate

Group II — Property interests leased by the Group in the PRC

| Property | Description and occupancy | Capital value in its existing state as at 30th April, 2011 |
|---|---|--|
| 9 Shop No. 405, 港匯廣場 (Grand Gateway), No. 1, Hongqiao Road, Xuhui District, Shanghai, the PRC | <p>港匯廣場 (Grand Gateway) is a 46-storey composite shopping mall / residential / office building with 3 levels of basement carpark completed in 2005.</p> <p>The property comprises a shop unit on level 4 of the building with a gross floor area of approximately 68 sq.m. and is currently occupied by the Group for shop use.</p> | <p>No Commercial Value</p> <p>100% interest attributable to the Group: No Commercial Value</p> |

Notes:

- i) According to the tenancy agreement dated 15th March, 2010 entered into between 上海港匯房地產開發有限公司 (the “Landlord”) and 上海保德威服飾有限公司 (Shanghai Bolderway Fashion Co., Ltd.) (the “Tenant”), a subsidiary of the Group, the Landlord agreed to let the property to the Tenant for a term of 2 years from 20th March, 2010 to 19th March, 2012 at monthly rentals of RMB82,733 and RMB91,007 for years 1 and 2 respectively, or 22% of monthly shop turnover, whichever is the higher, exclusive of management fees and other outgoings.
- ii) We have been provided with a legal opinion on the property prepared by the PRC Legal Adviser, which contains, *inter alia*, the following information:
 - (1) The tenancy agreement is legal, valid and legally binding on both parties.
 - (2) The Landlord has the right to lease the property and to receive rental income on a regular basis in accordance with the tenancy agreement.
 - (3) The tenancy agreement has not been submitted to the relevant PRC government administrative department for registration but this will not affect the validity of the tenancy agreement. The Tenant may be required to submit the registration at the request of relevant authorities and will be subject to a fine should registration not take place within a specified period.

Valuation Certificate

| Property | Description and occupancy | Capital value in its existing state as at 30th April, 2011 |
|---|--|---|
| 10 No. 12, Lane 65, Huandong Yi Road, Area B, 楓涇工業區 (Fengjing Industrial Park), Jinshan District, Shanghai, the PRC | <p>The property comprises the whole of a 3-storey industrial building, completed in 2008.</p> <p>The total gross floor area of the property is approximately 4,135 sq.m. and is currently occupied by the Group for storage use.</p> | <p>No Commercial Value</p> <p>100% interest attributable to the Group:</p> <p>No Commercial Value</p> |

Notes:

- i) According to the tenancy agreement dated 30th November, 2010 entered into between 上海振楓經濟發展有限公司 (Shanghai Zhenfeng Economic Development Co., Ltd.) (the “Landlord”) and 上海同瑞服飾有限公司 (Shanghai Doright Fashion Co., Ltd) (the “Tenant”), a subsidiary of the Company, the Landlord agreed to let the property to the Tenant for a term of 1 year and 6 months from 15th December, 2010 to 14th June, 2012 at an annual rental of RMB446,558, exclusive of management fees and other outgoings.
- ii) We have been provided with a legal opinion on the property prepared by the PRC Legal Adviser, which contains, *inter alia*, the following information:
 - (1) The tenancy agreement is legal, valid and legally binding on both parties.
 - (2) The Landlord has the right to lease the property and to receive rental income on a regular basis in accordance with the tenancy agreement.
 - (3) The tenancy agreement of the subject property has been submitted for registration and is recognised by the relevant PRC government administrative department.

Valuation Certificate

| Property | Description and occupancy | Capital value in its existing state as at 30th April, 2011 |
|--|--|--|
| 11 Block B-B, No. 9 Xingcheng Road, 蘇州工業園區 (Suzhou Industrial Park), Weiting Village, Suzhou City, Jiangsu Province, the PRC | No. 9 Xingcheng Road comprises a 3-storey non-residential building with a total gross floor area of approximately 17431.66 sq.m., completed in 2007. The property comprises Block B-B of No. 9 Xingcheng Road with a total gross floor area of approximately 414 sq.m. and is currently occupied by the Group for office use. | No Commercial Value 100% interest attributable to the Group: No Commercial Value |

Notes:

- i) According to the tenancy agreement dated 1st January, 2011 entered into between 蘇州工業園區唯亭商旅置業發展有限公司 (Suzhou Industrial Park Weiting Commercial Real Estate Development Co., Ltd.) (the “Landlord”) and 瑞國(蘇州)服飾有限公司 (Ruiguo (Suzhou) Fashion Co., Ltd) (the “Tenant”), a subsidiary of the Group, the Landlord agreed to let the property to the Tenant for a term of 3 years from 1st January, 2011 to 31st December, 2013 for a free rental period during year 1 and a monthly rental of RMB12,420 for years 2 and 3, exclusive of management fees and other outgoings.
- ii) We have been provided with a legal opinion on the property prepared by the PRC Legal Adviser, which contains, *inter alia*, the following information:
 - (1) The tenancy agreement is legal, valid and legally binding on both parties.
 - (2) The Landlord has the right to lease the property and to receive rental income on a regular basis in accordance with the tenancy agreement.
 - (3) The tenancy agreement of the subject property has been submitted for registration and is recognised by the relevant PRC government administrative department.

Valuation Certificate

| Property | Description and occupancy | Capital value in its existing state as at 30th April, 2011 |
|---|---|---|
| 12 Room 2209, 慧豐樓 (Huifeng Building), No. 239 Jiefang Zhong Road, Furong District, Changsha City, Hunan Province, the PRC | <p>慧豐樓 (Huifeng Building) is a 23-storey composite building completed in 2000.</p> <p>The property comprises an office unit on the 22nd floor of the building with a gross floor area of approximately 130 sq.m. and is currently occupied by the Group for office use.</p> | <p>No Commercial Value</p> <p>100% interest attributable to the Group:</p> <p>No Commercial Value</p> |

Notes:

- i) According to the tenancy agreement dated 1st January, 2010 entered into between 成毓春 (Cheng Yuchun) (the “Landlord”) and 上海保德威服飾有限公司 (Shanghai Bolderway Fashion Co., Ltd.) (the “Tenant”), a subsidiary of the Group, the Landlord agreed to let the property to the Tenant for a term of 2 years from 1st January, 2010 to 1st January, 2012 at a monthly rental of RMB2,300, exclusive of management fees and other outgoings.
- ii) We have been provided with a legal opinion on the property prepared by the PRC Legal Adviser, which contains, *inter alia*, the following information:
 - (1) The tenancy agreement is legal, valid and legally binding on both parties.
 - (2) The Landlord has not provided title documents and other title certificates.
 - (3) The tenancy agreement has not been submitted to the relevant PRC government administrative department for registration but this will not affect the validity of the tenancy agreement. The Tenant may be required to submit the registration at the request of relevant authorities and will be subject to a fine should registration not take place within a specified period.

Valuation Certificate

| Property | Description and occupancy | Capital value in its existing state as at 30th April, 2011 |
|---|--|--|
| 13 No. 81 Renmin Road South, Jinjiang District, Chengdu City, Sichuan Province, the PRC | No. 81 Renmin Road South comprises a 21-storey office / commercial building completed in 1999. The property comprises an office unit on the ground floor of the buildings with a total gross floor area of approximately 152.4 sq.m. and is currently occupied by the Group for shop use. | No Commercial Value 100% interest attributable to the Group: No Commercial Value |

Notes:

- i) According to the tenancy agreement dated 20th September, 2008 entered into between 四川電力經貿公司 (Sichuan Electric Trading Co.) (the "Landlord") and 四川保德威商貿有限公司 (Sichuan Bolderway Trading Co., Ltd) (the "Tenant"), a subsidiary of the Group, the Landlord agreed to let the property to the Tenant for a term of 3 years from 1st January, 2009 to 31st December, 2011 at progressive annual rentals of RMB340,000 (Year 1), RMB350,215 (Year 2) and RMB360,640 (Year 3), exclusive of management fees and other outgoings.
- ii) We have been provided with a legal opinion on the property prepared by the PRC Legal Adviser, which contains, *inter alia*, the following information:
 - (1) The tenancy agreement is legal, valid and legally binding on both parties.
 - (2) The Landlord has the right to lease the property and to receive rental income on a regular basis in accordance with the tenancy agreement.
 - (3) The tenancy agreement has not been submitted to the relevant PRC government administrative department for registration but this will not affect the validity of the tenancy agreement. The Tenant may be required to submit the registration at the request of relevant authorities and will be subject to a fine should registration not take place within a specified period.

Valuation Certificate

| Property | Description and occupancy | Capital value in its existing state as at 30th April, 2011 |
|--|--|--|
| 14 Shop No. 227-228, 2/F 中天購物城 (Sky Galleria), No. 233 Tianhe Road North, Tianhe District, Guangzhou City, Guangdong Province, the PRC | 中天購物城 (Sky Galleria) is a 4-storey shopping mall with 2 levels of basement completed in 1997. The property comprises a shop unit on the 2nd floor of the development with a gross floor area of approximately 117.74 sq.m. and is currently occupied by the Group for shop use. | No Commercial Value 100% interest attributable to the Group: No Commercial Value |

Notes:

- i) According to the tenancy agreement dated 5th June, 2008 entered into between 熊谷蜆殼發展(廣州)有限公司 (Xionggu Xianke Development (Guangzhou) Co., Ltd.) (the "Landlord") and 廣州瑞唐貿易有限公司 (Guangzhou Ruitang Trading Co., Ltd) (the "Tenant"), a subsidiary of the Group, the Landlord agreed to let the property to the Tenant for a term of 3 years from 1st September, 2008 to 31st August, 2011 at a monthly rental of RMB22,790, exclusive of management fees and other outgoings.
- ii) We have been provided with a legal opinion on the property prepared by the PRC Legal Adviser, which contains, *inter alia*, the following information:
 - (1) The tenancy agreement is legal, valid and legally binding on both parties.
 - (2) The Landlord has not provided title documents and other title certificates.
 - (3) The tenancy agreement of the subject property has been submitted for registration and is recognised by the relevant PRC government administrative department.

Valuation Certificate

| Property | Description and occupancy | Capital value in its existing state as at 30th April, 2011 |
|--|---|--|
| 15 Shop No. 232, 2/F 天河城廣場 (Teemall Plaza), No. 208 Tianhe Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC | 天河城廣場 (Teemall Plaza) is a 7-storey shopping mall with 3 levels of basement completed in 1996. The property comprises a shop unit on the 2nd floor of the development with a gross floor area of approximately 77 sq.m. and is currently occupied by the Group for shop use. | No Commercial Value 100% interest attributable to the Group: No Commercial Value |

Notes:

- i) According to the tenancy agreement and supplementary agreement dated 17th February, 2009 and 16th December, 2009 entered into between 廣東天河城(集團)股份有限公司 (Guangdong Teemall Group Co., Ltd.) (the "Landlord") and 廣州瑞唐貿易有限公司 (Guangzhou Ruitang Trading Co., Ltd) (the "Tenant"), a subsidiary of the Group, the Landlord agreed to let the property to the Tenant for a term of 3 years from 2nd May, 2009 to 1st May, 2012 for a free rental period from 2nd May, 2009 to 21st May, 2009 and at progressive monthly rentals thereafter of RMB161,700 (22nd May, 2009 to 1st May, 2010), RMB169,785 (Year 2) and RMB178,274.25 (Year 3), exclusive of management fees and other outgoings.
- ii) We have been provided with a legal opinion on the property prepared by the PRC Legal Adviser, which contains, *inter alia*, the following information:
 - (1) The tenancy agreement is legal, valid and legally binding on both parties.
 - (2) The Landlord has not provided title documents and other title certificates.
 - (3) The tenancy agreement of the subject property has been submitted for registration and is recognised by the relevant PRC government administrative department.

Valuation Certificate

| Property | Description and occupancy | Capital value in its existing state as at 30th April, 2011 |
|---|--|--|
| 16 Floor 2, Block 4, 裕景工業園 (Yujing Industrial Garden), Dalingshan Road, Zhu Village, Tianhe District, Guangzhou City, Guangdong Province, the PRC | Block 4, 裕景工業園 (Yujing Industrial Garden) is a 5-storey industrial building completed in 2003. The property comprises the whole of the 2nd floor of the building with a gross floor area of approximately 1,401 sq.m. and is currently occupied by the Group for storage use. | No Commercial Value 100% interest attributable to the Group: No Commercial Value |

Notes:

- i) According to the tenancy agreement dated 23rd June, 2010 entered into between 廣州淇隆實業有限公司 (Guangzhou Qilong Industrial Co., Ltd.) (the “Landlord”) and 廣東利威製衣有限公司 (Guangdong Leaderway Fashion Co., Ltd) (the “Tenant”), a subsidiary of the Group, the Landlord agreed to let the property to the Tenant for a term of 3 years from 1st August, 2010 to 31st July, 2013 at a monthly rental of RMB27,319.50, exclusive of management fees and other outgoings.
- ii) We have been provided with a legal opinion on the property prepared by the PRC Legal Adviser, which contains, *inter alia*, the following information:
 - (1) The tenancy agreement is legal, valid and legally binding on both parties.
 - (2) The Landlord has not provided title documents and other title certificates.
 - (3) The tenancy agreement of the subject property has been submitted for registration and is recognised by the relevant PRC government administrative department.

Valuation Certificate

| Property | Description and occupancy | Capital value in its existing state as at 30th April, 2011 |
|--|--|--|
| 17 Unit 602-1, North Area, Building 11, 舜泰廣場 (Shuntai Plaza), No. 2000 Shunhua Road, Gaoxin District, Jinan City, Shandong Province, the PRC | Building 11, 舜泰廣場 (Shuntai Plaza) comprises a 14-storey office building completed in 2008. The property comprises a unit in the building with a gross floor area of approximately 508.43 sq.m. and is currently occupied by the Group for office and storage use. | No Commercial Value 100% interest attributable to the Group: No Commercial Value |

Notes:

- i) According to the tenancy agreement dated 10th April, 2010 entered into between 山東銀領機電科技有限公司 (Shandong Yinling Jidian Technology Co., Ltd.) (the "Landlord") and 北京保德威服飾有限公司 (Beijing Bolderway Fashion Co., Ltd) (the "Tenant"), a subsidiary of the Group, the Landlord agreed to let the property to the Tenant for a term of 3 years from 1st May, 2010 to 30th April, 2013 at an annual rental of RMB167,000, exclusive of management fees and other outgoings.
- ii) We have been provided with a legal opinion on the property prepared by the PRC Legal Adviser, which contains, *inter alia*, the following information:
 - (1) The tenancy agreement is legal, valid and legally binding on both parties.
 - (2) The Landlord has not provided title documents and other title certificates.
 - (3) The tenancy agreement has not been submitted to the relevant PRC government administrative department for registration but this will not affect the validity of the tenancy agreement. The Tenant may be required to submit the registration at the request of relevant authorities and will be subject to a fine should registration not take place within a specified period.

Valuation Certificate

| Property | Description and occupancy | Capital value in its existing state as at 30th April, 2011 |
|---|--|--|
| 18 Unit 304, 3/F, Block B, 華德廣場 (Huade Plaza), No. 131 Changfeng Main Road, Xiaodian District, Taiyuan City, Shanxi Province, the PRC | Block B, 華德廣場 (Huade Plaza) comprises a 35-storey commercial / residential building completed in 2010. The property comprises a unit on the 3rd floor of the building with a gross floor area of approximately 111.3 sq.m. and is currently occupied by the Group for office use. | No Commercial Value 100% interest attributable to the Group: No Commercial Value |

Notes:

- i) According to the tenancy agreement dated 23rd December, 2010 entered into between 李濤 (the “Landlord”) and 北京保德威服飾有限公司 (Beijing Bolderway Fashion Co., Ltd) (the “Tenant”), a subsidiary of the Group, the Landlord agreed to let the property to the Tenant for a term of 3 years from 1st January, 2011 to 31st December, 2013 at progressive annual rentals of RMB24,000 (Year 1), RMB28,000 (Year 2) and RMB30,000 (Year 3), exclusive of management fees and other outgoings.
- ii) We have been provided with a legal opinion on the property prepared by the PRC Legal Adviser, which contains, *inter alia*, the following information:
 - (1) The tenancy agreement is legal, valid and legally binding on both parties.
 - (2) The Landlord has not provided title documents and other title certificates.
 - (3) The tenancy agreement of the subject property has been submitted for registration and is recognised by the relevant PRC government administrative department.

Valuation Certificate

| Property | Description and occupancy | Capital value in its existing state as at 30th April, 2011 |
|---|--|--|
| 19 Unit 310, 3/F, Block B, 華德廣場 (Huade Plaza), No. 131 Changfeng Main Road, Xiaodian District, Taiyuan City, Shanxi Province, the PRC | Block B, 華德廣場 (Huade Plaza) comprises a 35-storey commercial / residential building completed in 2010. The property comprises a unit on the 3rd floor of the building with a gross floor area of approximately 104.02 sq.m. and is currently occupied by the Group for storage use. | No Commercial Value 100% interest attributable to the Group: No Commercial Value |

Notes:

- i) According to the tenancy agreement dated 23rd December, 2010 entered into between 李海豔 (the "Landlord") and 北京保德威服飾有限公司 (Beijing Bolderway Fashion Co., Ltd) (the "Tenant"), a subsidiary of the Group, the Landlord agreed to let the property to the Tenant for a term of 3 years from 1st January, 2011 to 31st December, 2013 at progressive annual rentals of RMB25,000 (Year 1), RMB28,000 (Year 2) and RMB30,000 (Year 3), exclusive of management fees and other outgoings.
- ii) We have been provided with a legal opinion on the property prepared by the PRC Legal Adviser, which contains, *inter alia*, the following information:
 - (1) The tenancy agreement is legal, valid and legally binding on both parties.
 - (2) The Landlord has not provided title documents and other title certificates.
 - (3) The tenancy agreement of the subject property has been submitted for registration and is recognised by the relevant PRC government administrative department.

Valuation Certificate

| Property | Description and occupancy | Capital value in its existing state as at 30th April, 2011 |
|--|--|--|
| 20 Unit 7, 31/F, Block A, 武廣公寓樓 (Wuguang Gongyu Building), Jiefang Main Road, Jiangnan District, Wuhan City, Hubei Province, the PRC | Block A, 武廣公寓樓 (Wuguang Gongyu Building) comprises a 34-storey commercial / residential building completed in 1996. The property comprises a unit on the 31st floor of the building with a gross floor area of approximately 96.83 sq.m. and is currently occupied by the Group for office use. | No Commercial Value 100% interest attributable to the Group: No Commercial Value |

Notes:

- i) According to the tenancy agreement dated 4th January 2011 entered into between 曹暉 (the “Landlord”) and 上海保德威服飾有限公司 (Shanghai Bolderway Fashion Co., Ltd) (the “Tenant”), a subsidiary of the Group, the Landlord agreed to let the property to the Tenant for a term of 1 year from 1st January, 2011 to 31st December, 2011 at a monthly rental of RMB2,000, exclusive of management fees and other outgoings.
- ii) We have been provided with a legal opinion on the property prepared by the PRC Legal Adviser, which contains, *inter alia*, the following information:
 - (1) The tenancy agreement is legal, valid and legally binding on both parties.
 - (2) The Landlord has the right to lease the property and to receive rental income on a regular basis in accordance with the tenancy agreement.
 - (3) The tenancy agreement of the subject property has been submitted for registration and is recognised by the relevant PRC government administrative department.

Valuation Certificate

| Property | Description and occupancy | Capital value in its existing state as at 30th April, 2011 |
|---|---|--|
| 21 Rooms 1-3 South, 10/F, Block A, 天河軟件園華景園區 (Tianhe Software Park Huajing Park Zone) (Tianhe Software Park Huajing Park Zone) No. 89 Zhongshan Main Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC | 天河軟件園華景園區 (Tianhe Software Park Huajing Park Zone) comprises 4 blocks of office building with basement completed in 2000. The property comprises 3 office units on the 10th floor of Block A with a total gross floor area of approximately 135 sq.m. and is currently occupied by the Group for office use. | No Commercial Value 100% interest attributable to the Group: No Commercial Value |

Notes:

- i) According to the tenancy agreement dated 7th March, 2011 entered into between 廣州華庭物業發展有限公司 (Guangzhou Huating Property Development Co., Ltd.) (the “Landlord”) and 廣州瑞唐貿易有限公司 (Guangzhou Ruitang Trading Co., Ltd) (the “Tenant”), a subsidiary of the Group, the Landlord agreed to let the property to the Tenant for a term of one year from 1st May 2010 to 30 April 2011 at a monthly rental of RMB6,615, exclusive of management fees and other outgoings.
- ii) According to the tenancy agreement dated 18th March, 2011 entered into between the Landlord and the Tenant, the Landlord agreed to continue the lease of the property to the tenant for an additional term of one year from 1st May 2011 to 30 April 2012 at a monthly rental of RMB6,986.25, exclusive of rates, management fees and other outgoings.
- iii) We have been provided with a legal opinion on the property prepared by the PRC Legal Advisor, which contains, *inter alia*, the following information:
 - (1) The tenancy agreement is legal, valid and legally binding on both parties.
 - (2) The Landlord has not provided title documents and other title certificates.
 - (3) The tenancy agreement of the subject property has been submitted for registration and is recognised by the relevant PRC government administrative department.

Valuation Certificate

| Property | Description and occupancy | Capital value in its existing state as at 30th April, 2011 |
|---|--|--|
| 22 Rooms 4-11 South, 1-8 North, and 19 North, 10/F, Block A, 天河軟件園華景園區 (Tianhe Software Park Huajing Park Zone) No. 89 Zhongshan Main Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC | 天河軟件園華景園區A幢 (Tianhe Software Park Huajing Park Zone) comprises 4 blocks of office building with basement completed in 2000. The property comprises 17 office units on the 10th floor of Block A with a total gross floor area of approximately 708.88 sq.m. and will be occupied by the Group for office use. | No Commercial Value 100% interest attributable to the Group: No Commercial Value |

Notes:

- i) According to the tenancy agreement dated 18th March, 2011 entered into between 廣州華庭物業發展有限公司 (Guangzhou Huating Property Development Co., Ltd.) (the "Landlord") and 廣州瑞唐貿易有限公司 (Guangzhou Ruitang Trading Co., Ltd) (the "Tenant"), a subsidiary of the Group, the Landlord agreed to let the property to the Tenant for a term of one year from 1st May 2011 to 30 April 2012 at a monthly rental of RMB36,684.54, exclusive of management fees and other outgoings.
- ii) We have been provided with a legal opinion on the property prepared by the PRC Legal Advisor, which contains, *inter alia*, the following information:
 - (1) The Landlord has not provided title documents and other title certificates and thus the validity to the tenancy agreement cannot be confirmed.
 - (2) The tenancy agreement has not been submitted to the relevant PRC government administrative department for registration but this will not affect the validity of the tenancy agreement. The Tenant may be required to submit the registration at the request of relevant authorities and will be subject to a fine should registration not take place within a specified period.

Valuation Certificate

| Property | Description and occupancy | Capital value in its existing state as at 30th April, 2011 |
|---|---|--|
| 23 Unit 307, 3/F, Block B, 華德廣場 (Huade Plaza), No. 131 Changfeng Main Road, Xiaodian District, Taiyuan City, Shanxi Province, the PRC | Block B, 華德廣場 (Huade Plaza) comprises a 35-storey commercial / residential building completed in 2010. The property comprises a unit on the 3rd Floor of the building with a total gross floor area of approximately 125.3 sq.m. and will be occupied by the Group for office and storage use. | No Commercial Value 100% interest attributable to the Group: No Commercial Value |

Notes:

- i) According to the tenancy agreement dated 30th April, 2011 entered into between 武建國 (the “Landlord”) and 北京保德威服飾有限公司 (Beijing Bolderway Fashion Co., Ltd) (the “Tenant”), a subsidiary of the Group, the Landlord agreed to let the property to the Tenant for a term of three years from 1st May 2011 to 30th April 2014 at an annual rental of RMB33,000, exclusive of management fees and other outgoings.
- ii) We have been provided with a legal opinion on the property prepared by the PRC Legal Advisor, which contains, *inter alia*, the following information:
 - (1) The tenancy agreement is legal, valid and legally binding on both parties.
 - (2) The Landlord has not provided title documents and other title certificates.
 - (3) The tenancy agreement of the subject property has been submitted for registration and is recognised by the relevant PRC government administrative department.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands Companies Law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 March 2011 under the Cayman Islands Companies Law. The Memorandum and Articles which were adopted pursuant to a shareholders' resolution passed on 8 June 2011, conditional upon and with effect from the Listing Date comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Cayman Islands Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The following is a summary of certain provisions of the Articles:

(a) Directors

(i) Composition of the board

Unless otherwise determined by the Company in general meeting, the number of directors shall not be less than three. There is no maximum number of directors.

(ii) Power to allot and issue Shares and warrants

Subject to the Articles, any direction that may be given by the Company in general meeting and, where applicable, the Listing Rules and without prejudice to any special rights or restrictions for the time being attached to any Shares or any class of Shares, all Shares for the time being unissued shall be under the control of the Directors who may designate, re-designate, offer, issue, allot and dispose of the same to such persons, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine but so that no Shares shall be issued at a discount; and grant options with respect to such Shares and issue warrants, convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of Shares or securities in the capital of the Company on such terms as they may from time to time determine, and, for such purposes, the Directors may reserve an appropriate number of Shares for the time being unissued.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of Shares, to make, or make available, any such allotment, offer,

option or Shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Islands Companies Law to be exercised or done by the Company in general meeting.

(iv) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any payment by way of compensation for loss of office, or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(v) Loans and provision of security for loans to Directors

There are provisions in the Articles restricting the making of loans or provision of security to Directors.

(vi) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company.

Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the Shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Cayman Islands Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so

interested be liable to account to the Company or the members for any remuneration, profit or other benefits realized by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

- any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
- any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- any contract or arrangement concerning an offer of Shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of Shares or debentures or other securities of the Company by virtue only of his/their interest in Shares or debentures or other securities of the Company;
- any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in five percent. or more of the issued Shares or of the voting rights of any class of Shares of such company (or of any third company through which his interest or that of any of his associates is derived); or
- any proposal or arrangement concerning the adoption, modification or operation of a Share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vii) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in

respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of Shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

(viii) Retirement, appointment and removal

At each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any Shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place.

The office of Director shall also be vacated if:

- the Director resigns his office by notice in writing to the Company at its registered office or its head office;

- an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;
- the Director, without leave, is absent from meetings of Directors (unless an alternate Director appointed by him attends in his place) for a continuous period of 12 months, and the Directors resolve that his office be vacated;
- the Director becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- the Director ceases to be or is prohibited from being a director by law or by virtue of any provisions in the Articles; or
- the Director is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

The Directors may from time to time appoint any person, whether or not a Director to hold such office in the Company as the Directors may think necessary for the administration of the Company, including but not limited to, the office of president, one or more vice-presidents, treasurer, assistant treasurer, manager or controller, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. Any person so appointed by the Directors may be removed by the Directors. The Directors may also appoint one or more of their number to the office of managing director upon like terms, but any such appointment shall ipso facto determine if any managing director ceases from any cause to be a Director, or if the Company by resolution resolves that his tenure of office be terminated.

The Directors may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorize the members of any such local board, or any of them to fill any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation.

(ix) Borrowing powers

The board may exercise all the powers of the Company to borrow money and to mortgage or charge all or part of its undertaking, property and uncalled capital or any part thereof, and subject to the Cayman Islands Companies Law, to issue debentures, debenture stock, and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(x) Proceedings of the Board

The board may meet together with (either within or outside the Cayman Islands) for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(xi) Register of Directors and Officers

The Cayman Islands Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of Directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty days of any change in such Directors or officers.

(b) Alterations to constitutional documents/Change of Name

The Articles may be altered or amended by the Company in general meeting by special resolution. The Cayman Islands Companies Law provides that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Cayman Islands Companies Law:

- (i) increase its capital by such sum, to be divided into Shares of such classes and amount, as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into Shares of larger amount than its existing Shares;
- (iii) convert all or any of its paid up Shares into stock and reconvert that stock into paid up Shares of any denomination;
- (iv) subdivide its Shares, or any of them into Shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in case of the Share from which the reduced Share is derived; or
- (v) cancel any Shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the Shares so cancelled.

The Company may by special resolutions reduce its Share capital and any capital redemption reserve in any manner authorized by law.

(d) Variation of rights of existing Shares or classes of Shares

Whenever the capital of the Company is divided into different classes the rights attached to any such class may, subject to any rights or restrictions for the time being attached to any class, only be materially adversely varied or abrogated with the consent in writing of the holders of not less than three-fourths of the issued Shares of the relevant class, or with the sanction of a resolution passed at a separate meeting of the holders of the Shares of such class by a majority of not less than three-fourths of the votes cast at such a meeting. To every such separate meeting all the provisions of the Articles relating to general meetings of the Company or to the proceedings thereat shall *mutatis mutandis*, apply except that the necessary quorum shall be two persons at least holding or representing by proxy one-third in nominal or par value amount of the issued Shares of the relevant class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those shareholders who are present shall form a quorum) and that, subject to any rights or restrictions for the time being attached to the Shares of that class, every shareholder of the class shall on a poll have one vote for each Share of the class held by him.

The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the Shares of that class, be deemed to be materially adversely varied or abrogated by, *inter alia*, the creation, allotment or issue of further Shares ranking *pari passu* with or subsequent to them or the redemption or purchase of any Shares of any class by the Company.

(e) Transfer of Shares

Title to the Company's listed shares may be evidenced and transferred in accordance with Hong Kong law and the Listing Rules.

Transfers of Shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve, which is consistent with the standard form of transfer approved by the Directors or as prescribed by the Stock Exchange (as appropriate). All instruments of transfer must be left at the registered office of the Company or at such other place as the Directors may appoint. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any Share which is not fully paid up, and it may also refuse to register any transfer of any Share to more than four joint holders or any transfer of any Share on which the Company has a lien.

The board may decline to recognize any instrument of transfer unless a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of Share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may, on 14 days' notice being given by advertisement published on the Stock Exchange's website, or, subject to and in accordance with the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles or by advertisement published in any newspapers, be suspended and the register of Shares closed at such times for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended or the register of Shares closed for more than 30 days in each year.

There are no restrictions on ownership of Shares in the Articles.

(f) Power for the Company to purchase its own Shares

The Company is empowered by the Cayman Islands Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements of the Listing Rules.

(g) Power for any subsidiary of the Company to own Shares in the Company

There are no provisions in the Articles relating to ownership of Shares in the Company by a subsidiary.

(h) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than 15 months after the holding of the last preceding annual general meeting or a period of 18 months from the date of adoption of the Articles) at such time and place as may be determined by the board.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than 21 clear days and not less than 20 clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall be called by notice of at least 21 clear days and not less than 10 clear business days. All other extraordinary general meetings shall be called by notice of at least 14 clear days and not less than 10 clear business days. The notice shall specify the time, place, and agenda of the meeting, particulars of the resolutions to be considered at the meeting and in the case of special business (as defined in the Articles) the general nature of that business. Notice of every general meeting shall be given to all members of the Company (except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the share register), the Company's auditors, each Director and alternate Director, the Stock Exchange, and such other person(s) to whom such notice is required to be given in accordance with the Listing Rules.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, if permitted by the Listing Rules, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. in nominal value of the issued Shares giving that right.

All business carried out at a general meeting shall be deemed special with the exception of (a) declaration and sanctioning a dividend; (b) the consideration of the accounts, balance sheets, and any report of the Directors or of the Company's auditors; (c) the election of Directors whether by rotation or otherwise in the place of those retiring; (d) the appointment of the Company's auditors and other officers; (e) the fixing of the remuneration of the company's auditors, and the voting of remuneration or extra remuneration to the Directors; (f) the granting of any mandate or authority to the Directors to offer, allot, grant options over or otherwise dispose of the unissued Shares in the capital of the Company representing not more than 20 per cent. in nominal value of its existing issued share capital; and (g) the granting of any mandate or authority to the Directors to repurchase securities of the Company.

No special business shall be transacted at any general meeting without the consent of all members of the Company entitled to receive notice of that meeting unless notice of such special business has been given in the notice convening that meeting.

(j) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued Shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(k) Special/Ordinary resolution-majorities required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of such members as, being entitled so to do, vote in person or, in the case of such members being corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice, specifying the intention to propose the resolution as a special resolution, has been duly given, or in writing by all members of the Company entitled to vote at a general meeting of the Company.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of such members as, being entitled to do so, vote in person or, in the case of such members being corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles, or in writing by all members of the Company entitled to vote at a general meeting of the Company.

(l) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any Shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative

shall have one vote for every fully paid Share of which he is the holder but so that no amount paid up or credited as paid up on a Share in advance of calls or installments is treated for the foregoing purposes as paid up on the Share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of Shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of the Shares of the Company held by that clearing house (or its nominee(s)).

Where the Company has any knowledge that any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(m) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise.

(n) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Cayman Islands Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorized by the board or the Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with

a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the Listing Rules, the Company may send to such persons a summary financial statement derived from the Company's annual accounts and the Directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to a summary financial statement, a complete printed copy of the Company's annual financial statement and the Directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(o) Dividends and other methods of distribution

Subject to the Cayman Islands Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends that may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of a Share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Islands Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any Share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the Shares in respect whereof the dividend is paid but no amount paid up on a Share in advance of calls shall for this purpose be treated as paid up on the Share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any Shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of Shares credited as fully paid

up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of Shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of Shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of Shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the Shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such Shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the Shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any Share shall bear interest against the Company.

(p) Inspection of register of listed Shares

Pursuant to the Articles, the Company's register(s) of listed Shares shall during normal business hours (subject to such reasonable restrictions as the directors may impose) be open to inspection by a member without charge and any other person on payment of such fee not exceeding HK\$2.50 (or such higher amount as may from time to time be permitted under the Listing Rules) as the directors may determine for each inspection.

(q) Call on Shares and forfeiture of Shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any moneys unpaid on the Shares held by them (whether on

account of the nominal value of the Shares or by way of premium). If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at the rate of eight per cent. per annum from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the moneys uncalled and unpaid or instalments payable upon any Shares held by him, and upon all or any of the moneys so advanced the Company may pay interest at such rate (not exceeding without the sanction of an Ordinary Resolution, eight per cent. per annum) as may be agreed upon between the member and the board.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the Shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any Share in respect of which notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited Shares and not actually paid before the date of forfeiture.

A person whose Shares have been forfeited shall cease to be a member in respect of the forfeited Shares but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the Shares, but this liability shall cease if and when the Company receives payment in full of the amount unpaid on the Shares forfeited.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarized in paragraph 3(f) of this Appendix V.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution, except where the Company is to be wound up voluntarily because it is unable to pay its debts as they fall due. In such case the resolution shall be an ordinary resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of Shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the Shares held by them respectively and (ii) if the Company shall be wound up

and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the Shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the authority of an ordinary resolution and any other sanction required by the Cayman Islands Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any Shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the Shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the Shares in question (being not less than three in total number) for any sum payable in cash to the holder of such Shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) following the expiry of the 12 year period, the Company has caused an advertisement to be published in accordance with the Listing Rules giving notice of its intention to sell such Shares and a period of three months, or such shorter period as may be permitted by the Stock Exchange, has elapsed since the date of such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Cayman Islands Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANIES LAW

The Company is incorporated in the Cayman Islands subject to the Cayman Islands Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman Islands company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman Islands company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) Share Capital

The Cayman Islands Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Cayman Islands Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) any manner provided in section 37 of the Cayman Islands Companies Law; (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Cayman Islands Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

The Memorandum and Articles conditionally adopted on 8 June 2011 include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial Assistance to Purchase Shares of a Company or its Holding Company

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in

order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the Directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of Shares and Warrants by a Company and its Subsidiaries

Subject to the provisions of the Cayman Islands Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner and terms of the purchase, a company cannot purchase any of its own shares unless the manner and terms of the purchase have first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued Shares of the Company other than Shares held as treasury Shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the Directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and Distributions

With the exception of section 34 of the Cayman Islands Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Cayman Islands Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account.

(f) Protection of Minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up. Or, as an alternative to a winding-up order, the Court may make the following orders: (a) an order regulating the conduct of the company's affairs in the future; (b) an order requiring the company to refrain from doing or continuing an act complained of by the petitioner or to do an act which the petitioner has complained it has omitted to do; (c) an order authorizing civil proceedings to be brought in the name of and on behalf of the company by the petitioner on such terms as the Court may direct; or (d) an order providing for the purchase of the shares of any members of the company by other members or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Cayman Islands Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and Auditing Requirements

A Cayman Island exempted company shall cause proper books of account including, where applicable, material underlying documentation including contracts and invoices to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company. Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions. A Cayman Islands exempted company shall cause all its books of account to be retained for a minimum period of five years from the date on which they are prepared.

(i) Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the

Company has obtained an undertaking from the Governor-in-Cabinet:

- that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 22 March 2011. The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to Directors

There is no express provision in the Cayman Islands Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of Corporate Records

Members of the Company will have no general right under the Cayman Islands Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

A Cayman Islands exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A Cayman Islands exempted company may also maintain separate registers of members in respect of its listed Shares. There is no requirement under the Cayman Islands Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(n) Winding Up

A company may be wound up by either an order of the Court, voluntarily or subject to the supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily (a) when the period (if any) fixed for the duration of the company by its memorandum or articles of association expires; (b) if the event (if any) occurs, on the occurrence of which the memorandum or articles of association provide that the company is to be wound up; (c) if the company resolves by special resolution that it be wound up voluntarily; or (d) if the company resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company shall from the commencement of its winding up, cease to carry on its business except so far as it may be beneficial for its winding up.

In circumstances where a company is solvent (the directors of the company will need to provide a statutory declaration to this effect), the company can be wound up by a special resolution of its shareholders, and the liquidation will not require the supervision of the Court. Unless one or more persons have been designated as liquidator or liquidators of the company in the company's memorandum and articles of association, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets.

Alternatively, where the financial position of the company is such that a declaration of solvency cannot be given by the directors, the winding up will be initiated by an ordinary resolution of the company's shareholders and will occur subject to the supervision of the Court. In this case, a licensed insolvency practitioner will need to be appointed as liquidator (known as "an official liquidator"). The Court may determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. The Court may appoint a foreign practitioner to act jointly with a qualified insolvency practitioner. A person may qualify as an official liquidator if that person holds the qualifications specified in the Insolvency Practitioners Regulations of the Cayman Islands. The Court may appoint a foreign practitioner to act jointly with a qualified insolvency practitioner.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation for it. At least 21 days before the meeting the liquidator must send a notice specifying the time, place and object of the meeting to each contributory in any manner authorized by the company's articles of association and published in the Cayman Islands Gazette.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. While a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Mergers and Consolidations

The Cayman Islands Companies Law provides that any two or more Cayman Islands companies limited by shares (other than segregated portfolio companies) may merge or consolidate in accordance with the Cayman Islands Companies Law. The Cayman Islands Companies Law also allows one or more Cayman Islands companies to merge or consolidate with one or more foreign companies (provided that the laws of the foreign jurisdiction permit such merger or consolidation).

To effect a merger or consolidation of one or more Cayman Islands companies, the directors of each constituent company must approve a written plan of merger or consolidation in accordance with the Cayman Islands Companies Law. The Plan must then be authorized by each constituent company by a special resolution of members and such other authorization, if any, as may be specified in such constituent company's articles of association.

Where a Cayman Islands parent is merging with one or more of its Cayman Islands subsidiaries, shareholder consent is not required if a copy of the plan of merger is given to every member of each subsidiary company to be merged, unless that member argues otherwise.

To effect a merger or consolidation of one or more Cayman Islands companies with one or more foreign companies, in addition to the approval requirements applicable to the merger or consolidation of Cayman Islands companies (in relation to Cayman Islands company(ies) only), the merger or consolidation must also be effected in compliance with the constitutional documents of, and laws of the foreign jurisdiction applicable to, the foreign company(ies).

(q) Compulsory Acquisition

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than ninety per cent of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(r) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Walkers, the Company's legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarizing certain aspects of the Cayman Islands Companies Law. This letter, together with a copy of the Cayman Islands Companies Law, is available for inspection as referred to in the sections headed "Appendix VII — Documents Delivered to the Registrar of Companies" and "Appendix VII — Documents Available for Inspection" in this Prospectus. Any person wishing to have a detailed summary of the Cayman Islands Companies Law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**Incorporation**

Our Company was incorporated on 7 March 2011 under laws of the Cayman Islands as an exempted company with limited liability. Our Company has been registered as a non-Hong Kong company under Part XI of the Companies Ordinance on 20 May 2011 and our Company's principal place of business in Hong Kong is at Room 610, East Ocean Centre, 98 Granville Road, Tsim Sha Tsui East, Kowloon, Hong Kong. Lo Peter of Flat A, 16/F, Tower 1, Park Towers, 1 King's Road, Hong Kong, a Hong Kong resident, has been appointed as the authorised representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the relevant laws of the Cayman Islands and its constitution which comprises the Memorandum and the Articles. A summary of certain relevant provisions of the Memorandum and the Articles and of certain relevant aspects of the law of the Cayman Islands are set out in Appendix V to this prospectus.

Changes in share capital of our Company

As at the date of incorporation of our Company, its authorised share capital was HK\$100,000,000,000 divided into 100,000,000,000 shares of HK\$1.00 each. The following sets out the changes in the share capital of our Company since the date of its incorporation:

- (a) On 10 March 2011, one Share was allotted and issued fully paid to Mr. Lo Peter.
- (b) On 18 March 2011, one Share of a nominal value of HK\$1.00 each in the capital of our Company held by Mr. Lo Peter was sub-divided into ten Shares of a nominal value of HK\$0.10 each and 99,999,999,999 authorised but unissued Shares of a nominal value of HK\$1.00 each in the capital of our Company was sub-divided into 999,999,999,990 Shares of a nominal value of HK\$0.10 each, such that the authorised share capital of our Company was sub-divided from HK\$100,000,000,000 divided into 100,000,000,000 Shares of a nominal value of HK\$1.00 each to HK\$100,000,000,000 divided into 1,000,000,000,000 Shares of a nominal value of HK\$0.10 each.
- (c) On 17 May 2011, Mr. Lo Peter transferred 10 Shares to CEC Outfitters.
- (d) On 3 June 2011, 98,215 Shares were allotted and issued fully paid to CEC Outfitters.
- (e) On 10 June 2011, CEC Outfitters transferred 5,401 Shares to Mr. Chen, 3,280 Shares to IDG I, 152 Shares to IDG II, 2,788 Shares to CCC, 858 Shares to Mousse, 214 Shares to Iconix Investments, 429 Shares to Grandwin, 2,233 Shares to ICL London Fog, 16,533 Shares to Orchid I and 337 Shares to Orchid II.

Assuming that the Global Offering becomes unconditional, the issue of the Offer Shares and the issue of Shares pursuant to the Capitalisation Issue mentioned herein are made, but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option, Pre-IPO Share Option Scheme and/or the Share Option Scheme, the authorised share capital of our Company will be HK\$100,000,000,000 divided into 1,000,000,000,000 Shares, of which 3,726,750,000 Shares will be issued fully paid or credited as fully paid, and 996,273,250,000 Shares will remain unissued. Other than pursuant to the Over-allotment Option, pursuant to the general mandate to issue Shares referred to in the paragraph headed "Written resolutions of our sole Shareholder passed on 8 June 2011" in this Appendix and pursuant to the Pre-IPO Share Option Scheme and the Share Option Scheme, our Directors do not have any present intention to issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this prospectus, there has been no alteration in the share capital of our Company since its incorporation.

Changes in share capital of our subsidiaries

The Company's subsidiaries are listed in the Accountants' Report set out in Appendix I to this prospectus.

Save as mentioned in the section headed "Statutory and General Information — Corporate Reorganisation" in Appendix VI to this prospectus or disclosed below, there was no change in the share capital (or registered capital, as the case may be) of the subsidiaries of our Company during the two years immediately prior to the date of this prospectus.

(a) Doright Group Limited

Doright Group Limited was incorporated on 30 October 2009 in the BVI with limited liability with an authorised share capital of US\$10,000,000 divided into 10,000,000 shares of US\$1.00 each. At the time of its incorporation, Doright Group Limited was wholly-owned by CEC Outfitters.

On 18 February 2010, 5,600 shares in Doright Group Limited were allotted and issued fully paid to CEC Outfitters.

On 3 June 2011, CEC Outfitters transferred 5,601 shares in Doright Group Limited, representing its entire issued share capital, to our Company. Immediately after the transfer of shares, our Company became the holder of the entire issued share capital of Doright Group Limited.

(b) London Fog (China)

London Fog (China) was incorporated in Hong Kong with limited liability on 26 February 2009 with an authorised share capital of RMB9,000,000 divided into 9,000,000 shares of RMB1.00 each.

On 3 March 2009, Jade Nominees Limited transferred one share in London Fog (China), representing its then entire issued share capital, to Mr. Lo Peter who, on 20 April 2009, transferred one share in London Fog (China) to CEC Outfitters.

On 23 April 2009, London Fog (China) allotted and issued 5,999,999 and 3,000,000 shares in London Fog (China) to CEC Outfitters and Iconix, respectively. Immediately after the issue of shares, CEC Outfitters and Iconix became the holders of approximately 66.67% and 33.33% of the shareholding interests in London Fog (China).

On 16 April 2010, Iconix transferred 3,000,000 shares in London Fog (China) to ICL London Fog.

On 2 June 2011, ICL London Fog transferred 3,000,000 shares in London Fog (China) to CEC Outfitters. Immediately after the transfer of shares, CEC Outfitters became the holder of the entire issued share capital of London Fog (China).

On 9 June 2011, CEC Outfitters transferred 9,000,000 shares in London Fog (China), representing its entire issued share capital, to our Company. Immediately after the transfer of shares, our Company became the holder of the entire issued share capital of London Fog (China).

(c) Shanghai Doright

On 19 April 2010, the registered capital of Shanghai Doright was increased from US\$5,000,000 to US\$8,500,000, of which US\$1,680,000 and US\$1,820,000 were invested by CEC Menswear HK and Sky Trend, respectively. Immediately after the increase in registered capital, Faith Enterprise, Sky Trend and CEC Menswear HK held 48.94%, 25.79% and 25.27% of the equity interests in Shanghai Doright, respectively.

(d) Guangdong Leaderway

On 12 January 2011, the registered capital of Guangdong Leaderway was increased from RMB500,000 to RMB3,000,000, of which RMB2,850,000 and RMB150,000 were invested by Shanghai Doright and Dezhou Sino-Union, respectively. Immediately after the increase in registered capital, Shanghai Doright and Dezhou Sino-Union became the holder of 95% and 5% of the equity interests in Guangdong Leaderway, respectively.

(e) Shanghai Bolderway

On 6 December 2010, the registered capital of Shanghai Bolderway was increased from RMB1,000,000 to RMB6,000,000, of which RMB5,700,000 and RMB300,000 were invested by Shanghai Doright and Dezhou Sino-Union, respectively. Immediately after the increase in registered capital, Shanghai Doright and Dezhou Sino-Union became the holder of 95% and 5% of the equity interests in Shanghai Bolderway, respectively.

(f) Shanghai Jiancheng

On 6 December 2010, the registered capital of Shanghai Jiancheng was increased from RMB500,000 to RMB3,000,000, of which RMB2,850,000 and RMB150,000 were invested by Shanghai Doright and Dezhou Sino-Union, respectively. Immediately after the increase in registered capital, Shanghai Doright and Dezhou Sino-Union became the holder of 95% and 5% of the equity interests in Shanghai Jiancheng, respectively.

(g) Shinemax

Shinemax was incorporated in Hong Kong with limited liability on 26 October 2006 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each.

On 30 November 2006, GNL06 Limited transferred one share in Shinemax, representing its then entire issued share capital, to Mr. Lo Peter who, on 11 December 2006, transferred one share in Shinemax to CEC Outfitters.

On 9 June 2011, CEC Outfitters transferred 1 share in Shinemax, representing its entire issued share capital, to our Company. Immediately after the transfer of the share, our Company became the holder of the entire issued share capital of Shinemax.

(h) Beijing Bolderway

On 21 December 2010, the registered capital of Beijing Bolderway was increased from RMB500,000 to RMB3,000,000, of which RMB2,850,000 and RMB150,000 were invested by Shanghai Doright and Dezhou Sino-Union, respectively. Immediately after the increase in registered capital, Shanghai Doright and Dezhou Sino-Union became the holder of 95% and 5% of the equity interests in Beijing Bolderway, respectively.

(i) Ruiguo Suzhou

On 24 January 2011, Ruiguo Suzhou was established in the PRC with a registered capital of RMB100,000,000 and as a wholly-owned subsidiary of Shanghai Doright.

(j) Shangyong Zhanguai

On 22 March 2011, Shangyong Zhanguai was established in the PRC with a registered capital of RMB500,000 and as a wholly-owned subsidiary of Dezhou Sino-Union.

Written resolutions of our sole Shareholder passed on 8 June 2011

Pursuant to the written resolutions of our sole Shareholder, who has the right to receive notice of, attend and vote at general meetings, passed on 8 June 2011, among other things,

1. conditional on (i) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued (pursuant to the Global Offering, the Capitalisation Issue, the Over-allotment Option, the Pre-IPO Share Option Scheme and the Share Option Scheme) as mentioned in this prospectus; and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange; (ii) the final price of the Offer Shares having been duly agreed in accordance with the terms of the Underwriting Agreements and the execution and delivery of the Underwriting Agreements; and (iii) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Purchase Agreement, both becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Sole Global Coordinator) and such obligations not having been terminated in accordance with their respective terms at any time at or before 8:00 a.m. on the Listing Date, that:
 - (a) the Listing, the Global Offering and the Over-allotment Option were approved;
 - (i) the proposed allotment and issue of the 780,000,000 new Shares (or such other number of Shares as the Directors may determine according to the terms of this prospectus) to be made available under the Global Offering and the 139,770,000 new Shares to be allotted and issued under the Over-allotment Option was approved; and
 - (ii) the Directors were authorised to effect the same and to allot and issue such number of Shares in connection with the Global Offering as they may see fit, and subject to such terms and conditions that they may in their absolute discretion decide;
 - (b) the Pre-IPO Share Option Scheme, the principal terms of which are set out in “H. Pre-IPO Share Option Scheme — Summary of Terms” in this Appendix, was approved and adopted and that the Directors, or any duly authorised committee of them, were authorised to approve any amendments to the rules of the Pre-IPO Share Option Scheme and, at the absolute discretion of the Directors, grant options thereunder and to allot and issue the Shares pursuant to the same and to take all steps as may be necessary or desirable and to vote on any matter in connection therewith notwithstanding that they or any of them may be interested in the same;

- (c) the Share Option Scheme, the principal terms of which are set out in “I. Share Option Scheme” in this Appendix, was approved and adopted and that the Directors, or any duly authorised committee of them, were authorised to approve any amendments to the rules of the Share Option Scheme and, at the absolute discretion of the Directors, grant options thereunder and to allot and issue the Shares pursuant to the same and to take all steps as may be necessary or desirable and to vote on any matter in connection therewith notwithstanding that they or any of them may be interested in the same;
- (d) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with unissued shares (including the power to make or grant offers agreements, and options which would or might require the exercise of such powers), otherwise than pursuant to a rights issue, any scrip dividend scheme or similar arrangement pursuant to the Articles of our Company, any adjustment of rights to subscribe for Shares under options and warrants or a specific authority granted by the Shareholders of our Company, with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue but before any exercise of the Over-allotment Option and the aggregate nominal amount of the shares which may be repurchased by the Company (if any);
- (e) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange, or on any other stock exchange on which the Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering but before the exercise of the Over-allotment Option;
- (f) the extension of the general mandate to allot, issue and deal with Shares as mentioned in paragraph (d) above by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to this paragraph (e) above, provided that such extended amount shall not exceed 10% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following the completion of Global Offering but before the exercise of the Over-allotment Option was approved;

- conditional on the share premium account of our Company being credited as a result of the Global Offering, an amount of HK\$294,665,177.50 (which is then to be standing to the credit of the share premium account of our Company) was to be capitalised and applied to pay up in full at nominal value a total of 2,946,651,775 Shares for allotment and issue to the Shareholders as follows (namely, the Capitalisation Issue):

CEC Outfitters as to 1,979,934,000 Shares;
Mr. Chen as to 162,024,599 Shares;
IDG I as to 98,396,720 Shares;
IDG II as to 4,559,848 Shares;
CCC as to 83,637,212 Shares;
Mousse as to 25,739,142 Shares;
Iconix Investments as to 6,419,786 Shares;
Grandwin as to 12,869,571 Shares;
Orchid I as to 495,973,467 Shares;
Orchid II as to 10,109,663 Shares;
ICL London Fog as to 66,987,767 Shares,

and that the Board of Directors was authorised to allot and issue such Shares as aforesaid and to give effect to the Capitalisation Issue and the Shares to be allotted and issued shall rank *pari passu* with all existing Shares; and

- conditional on the Listing, the Memorandum and the Articles was adopted in substitution for and to the exclusion of the memorandum and articles of association of our Company previously adopted by our Company on 2 June 2011 with effect from the date on which the Shares are listed on the Stock Exchange. And the Directors were authorised to make such amendments to the Memorandum and Articles as may be required by the Stock Exchange or HKSCC.

Each of the general mandates referred to in paragraphs 1.(d), 1.(e) and 1.(f) above will remain in effect until whichever is the earliest of:

- the conclusion of our next annual general meeting;
- the expiration of the period within which our next annual general meeting is required by any applicable law or the Articles to be held; or
- the time when such mandate is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

Repurchase of our Shares

This section includes information relating to the repurchases of securities, including information required by the Stock Exchange to be included in this prospectus concerning such repurchase.

(1) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important restrictions are summarised below:

(i) Shareholders' approval

All proposed repurchases of Shares must be approved in advance by an ordinary resolution of the Shareholders at a general meeting, either by way of general mandate or by specific approval in relation to a particular transaction.

Pursuant to the written resolutions passed on 8 June 2011 by our sole Shareholder, a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the aggregate nominal value of our share capital in issue or to be issued immediately following the completion of the Global Offering but before the exercise of the Over-allotment Option, details of which have been described above in the paragraph headed "Written resolutions of our sole Shareholder passed on 8 June 2011".

(ii) Source of funds

Any repurchases of Shares by us must be paid out of funds legally available for the purpose in accordance with our Articles, the Listing Rules and laws of the Cayman Islands. We are not permitted to repurchase our Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Subject to the foregoing, any repurchases by our Company may be made out of our Company's funds which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of Shares made for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of the Shares to be repurchased must be out of the funds which would otherwise be available for dividend or distribution or from sums standing to the credit of our Company's share premium account.

(iii) Shares to be repurchased

The Listing Rules provide that the Shares which are proposed to be repurchased by us must be fully-paid up.

(2) Reasons for repurchases

Our Directors believe that it is in the interests of our Company and our Shareholders for our Directors to have general authority from the Shareholders to enable them to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit our Company and our Shareholders. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

(3) Funding of repurchases

In repurchasing Shares, we may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of our Company's current financial position as disclosed in this prospectus and taking into account its current working capital position, our Directors consider that, if the Repurchase Mandate is exercised in full, it might have a material adverse effect on our working capital and/or gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(4) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) currently intends to sell any Shares to us.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

We have not made any repurchases of our own securities in the past six months.

No connected person has notified us that he/she has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. CORPORATE REORGANISATION

In preparation for the Global Offering, our Group underwent the Corporate Reorganisation prior to the Listing which involves the following steps:

1. Establishment of Doright Group Limited as a wholly-owned subsidiary of CEC Outfitters;
2. Transfer of shares in CEC Menswear HK, Faith Enterprise and Sky Trend by CEC Outfitters to Doright Group Limited;
3. Establishment of our Company;
4. (a) Exercise of the Orchid Warrants, subscription for shares in CEC Outfitters by Orchid I and Orchid II and extinguishment of the Orchid Notes;
(b) Exercise of the IPO Put Option by ICL London Fog and transfer of shares in London Fog (China) by ICL London Fog to CEC Outfitters;
5. Transfer of shares in Doright Group Limited, Shinemax and London Fog (China) by CEC Outfitters to our Company;
6. Repurchase by CEC Outfitters of its shares from certain of its shareholders in consideration of our Shares; and
7. Capitalisation Issue and Global Offering.

Establishment of Doright Group Limited as a wholly-owned subsidiary of CEC Outfitters

Doright Group Limited was incorporated in the BVI with limited liability on 30 October 2009 with an authorised share capital of US\$10,000,000 divided into 10,000,000 shares of US\$1.00 each to act as a holding company of the operating subsidiaries in our Group. At the time of its incorporation, Doright Group Limited was wholly-owned by CEC Outfitters.

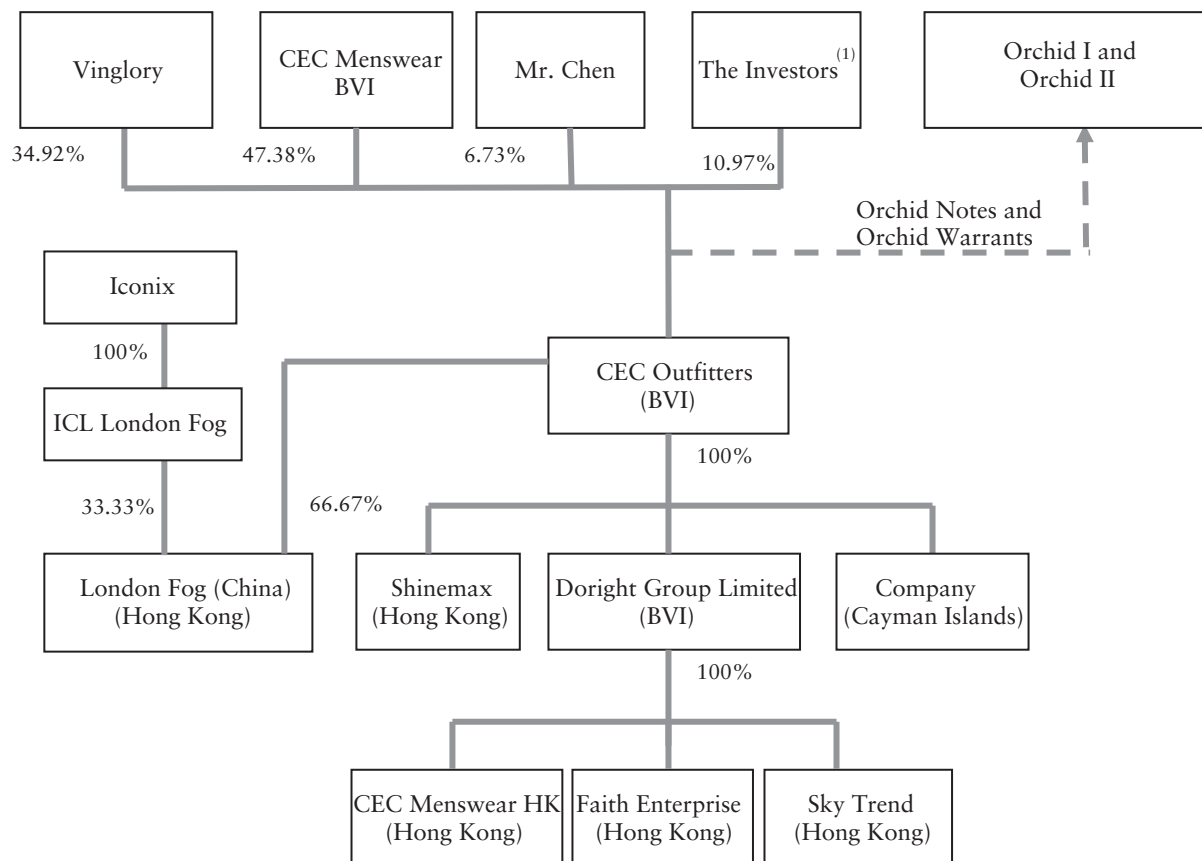
Transfer of shares in CEC Menswear HK, Faith Enterprise and Sky Trend by CEC Outfitters to Doright Group Limited

On 18 February 2010, Doright Group Limited entered into a sale and purchase agreement with CEC Outfitters pursuant to which Doright Group Limited acquired all of the issued share capital in each of CEC Menswear HK, Faith Enterprise and Sky Trend held by CEC Outfitters. In consideration, Doright Group Limited allotted and issued 5,600 shares in Doright Group Limited to CEC Outfitters. The consideration was determined with reference to the value of the investment made by CEC Outfitters in each of CEC Menswear HK, Faith Enterprise and Sky Trend.

Establishment of our Company

Our Company was incorporated as an exempted company in the Cayman Islands on 7 March 2011 to act as the holding company of our Group. After the transfer by the initial subscribing shareholder of the 10 Shares at nominal value to CEC Outfitters, our Company became wholly-owned by CEC Outfitters.

Set out below is the corporate structure of the offshore entities within our Group after the Second Completion of the CEC Outfitters Share Transfer and immediately after establishment of our Company:



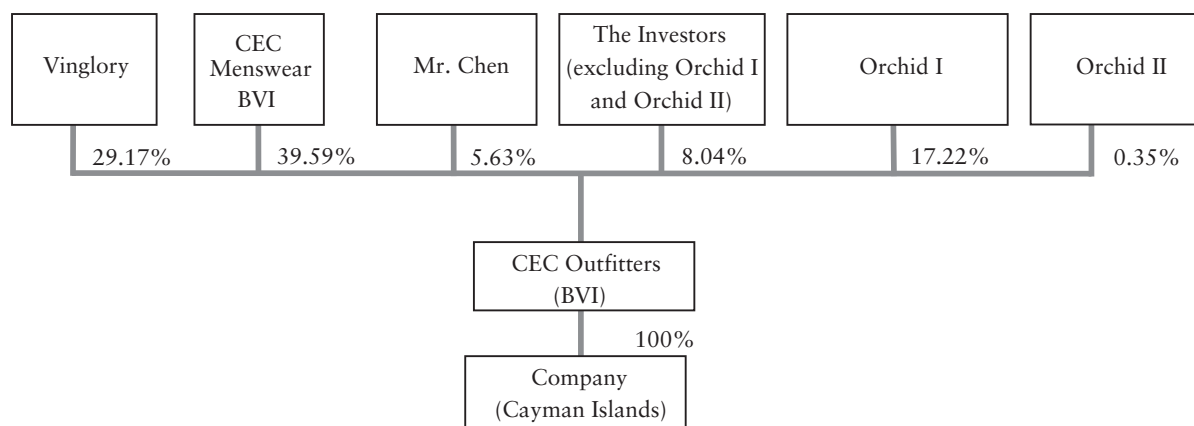
Note:

(1) The Investors severally became holders of, in aggregate, 10.97% of the issued share capital of CEC Outfitters upon the Second Completion of the CEC Outfitters Share Transfer on 31 December 2010 through an acquisition of existing shares in CEC Outfitters sold by Mr. Chen and Vinglory.

Exercise of the Orchid Warrants, subscription for shares in CEC Outfitters by Orchid I and Orchid II and extinguishment of the Orchid Notes

On 3 May 2011, Orchid I and Orchid II exercised the Orchid Warrants in full. On 4 May 2011, Orchid I and Orchid II subscribed for 15,481 shares and 316 shares in CEC Outfitters, respectively, and the Orchid Notes were extinguished.

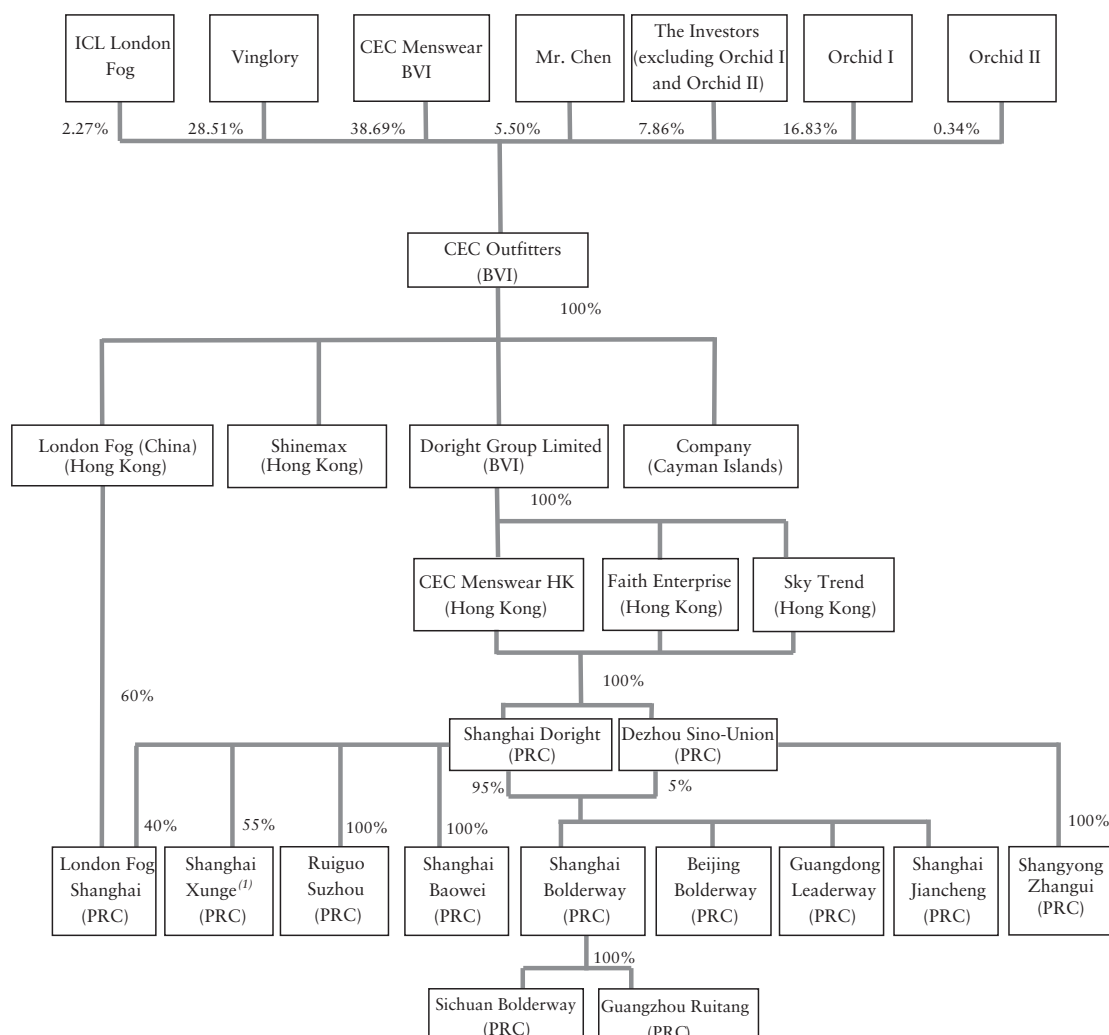
Set out below is the shareholding structure of our Company and CEC Outfitters immediately after completion of the above steps:



Exercise of the IPO Put Option by ICL London Fog and transfer of shares in London Fog (China) by ICL London Fog to CEC Outfitters

On 23 May 2011, ICL London Fog completed the exercise of the IPO Put Option and became the holder of 2,233 shares in CEC Outfitters, which represented approximately 2.27% of the then total issued shares of CEC Outfitters. Pursuant to the exercise of the IPO Put Option, ICL London Fog transferred its 33.33% shareholding in London Fog (China) to CEC Outfitters on 2 June 2011. For further details, please refer to the section entitled “Arrangements with respect to London Fog (China)” of this prospectus.

Set out below is the corporate structure of our Group immediately after completion of the above steps:



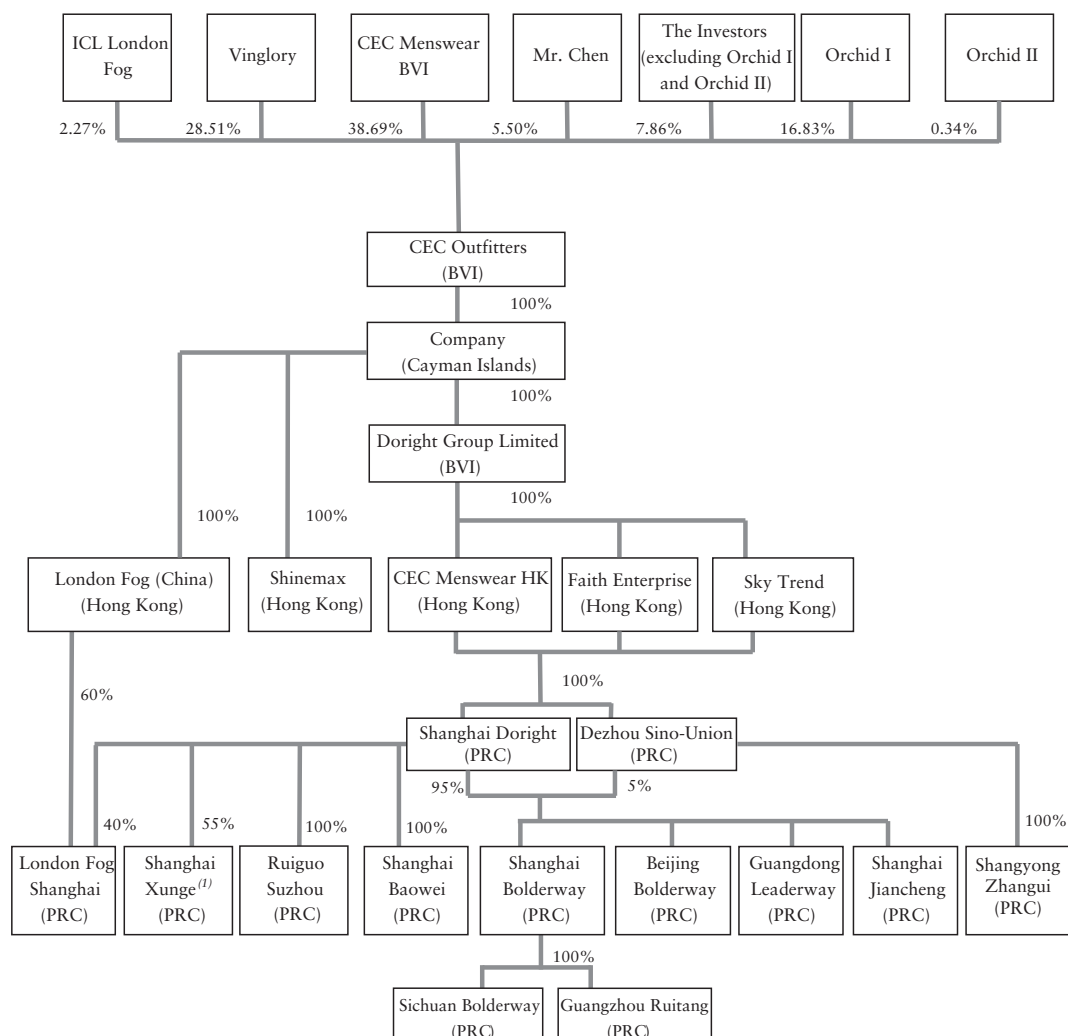
Note:

- (1) Mr. Chen Xihui (陳錫輝) is the holder of 45% of the equity interests of Shanghai Xunge. Other than the 45% equity interests in Shanghai Xunge, Mr. Chen Xihui is otherwise an Independent Third Party.

Transfer of shares in Doright Group Limited, Shinemax and London Fog (China) by CEC Outfitters to our Company

On 3 June 2011, CEC Outfitters entered into a sale and purchase agreement with our Company pursuant to which our Company acquired 100% of the issued share capital in Doright Group Limited, Shinemax and London Fog (China) held by CEC Outfitters. In consideration, our Company allotted and issued 98,215 Shares to CEC Outfitters. The consideration was determined with reference to the respective net asset value of Doright Group Limited, Shinemax and London Fog (China). Immediately after the above transfer, our Company held all of the issued share capital in Doright Group Limited and Shinemax and London Fog (China).

Set out below is the shareholding structure of our Group immediately upon completion of the above steps:



Note:

- (1) Mr. Chen Xihui (陳錫輝) is the holder of 45% of the equity interests of Shanghai Xunge. Other than the 45% equity interests in Shanghai Xunge, Mr. Chen Xihui is otherwise an Independent Third Party.

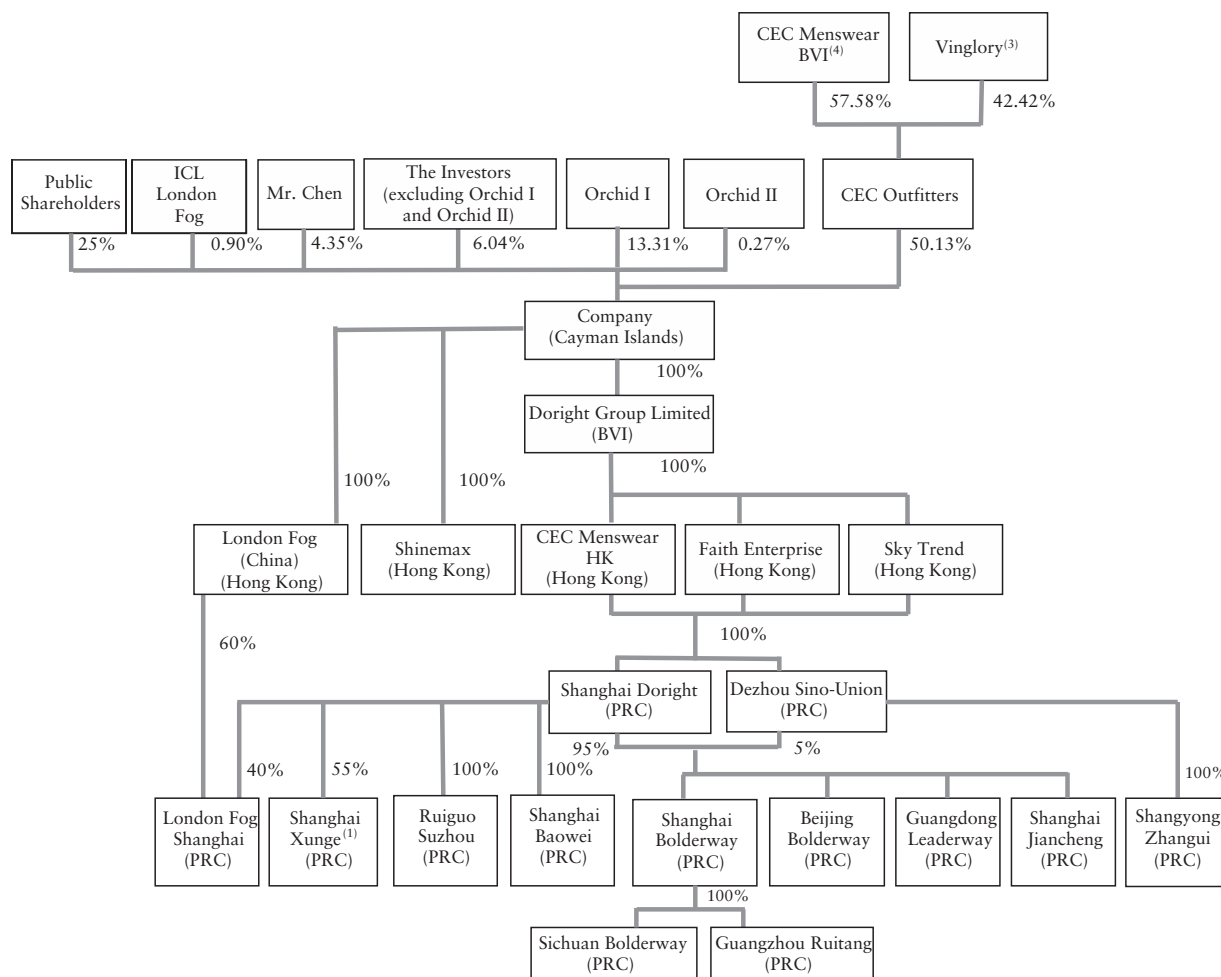
Repurchase by CEC Outfitters of its shares from certain of its shareholders in consideration of our Shares

On 20 May 2011, CEC Outfitters, Mr. Chen, the Investors and ICL London Fog entered into a conditional share repurchase agreement pursuant to which CEC Outfitters agreed to repurchase from each of Mr. Chen, the Investors and ICL London Fog all of their respective shares in CEC Outfitters, which in aggregate represented approximately 32.81% of the total issued shares of CEC Outfitters. In consideration of the repurchase, CEC Outfitters agreed to transfer to Mr. Chen, the Investors and ICL London Fog our Shares which in aggregate represented approximately 32.81% of the total issued shares of our Company. The repurchase of the shares of CEC Outfitters and the transfer of our Shares were both completed on 10 June 2011. Immediately upon completion of the share repurchase and transfer of our Shares as detailed above, Mr. Chen, the Investors and ICL London Fog ceased to hold any shares in CEC Outfitters and, in aggregate, held approximately 32.81% of the total issued Shares of our Company immediately prior to the Capitalisation Issue and Global Offering.

Capitalisation Issue and Global Offering

Conditional upon the share premium account of our Company being credited as a result of the Global Offering, our Company will capitalise all or a portion, as the case may be, of the balance of the share premium account and applying such sum in paying up in full at nominal value a total of 2,946,651,775 Shares for allotment and issue to CEC Outfitters, the Investors, Mr. Chen and ICL London Fog. Immediately after the Global Offering (assuming that the Over-allotment Option is not exercised) and Capitalisation Issue, CEC Outfitters, Orchid I, Orchid II, the Investors (excluding Orchid I and Orchid II), Mr. Chen and ICL London Fog will hold approximately 50.13%, 13.31%, 0.27%, 6.04%, 4.35% and 0.90% of the enlarged share capital of our Company.

Set out below is the corporate structure of our Group immediately after the Corporate Reorganisation, the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised):



Notes:

- (1) Mr. Chen Xihui (陳錫輝) is the holder of 45% of the equity interests of Shanghai Xunge. Other than the 45% equity interests in Shanghai Xunge, Mr. Chen Xihui is otherwise an Independent Third Party.

C. FURTHER INFORMATION ABOUT OUR BUSINESS**Summary of the material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) an agreement for the sale and purchase of shares dated 18 February 2010 entered into between CEC Outfitters and Doright Group Limited in relation to the transfer of the entire issued share capital of each of CEC Menswear HK, Faith Enterprise and Sky Trend in consideration of 5,600 shares in Doright Group Limited;
- (b) an amendment deed to the finance documents dated 18 February 2010 (the “**Amendment Deed to the Finance Documents**”) entered into between Vinglory, CEC Menswear BVI, CEC Outfitters, Faith Enterprise, Sky Trend, CEC Menswear HK, Doright Group Limited and Standard Bank Asia Limited, to amend certain terms of the finance documents in relation to the facility agreement dated 20 June 2008 (the “**Facility Agreement**”);
- (c) a share charge accession deed dated 18 February 2010 (the “**Share Charge Accession Deed**”) between CEC Outfitters, Doright Group Limited and Standard Bank Asia Limited, as security trustee, pursuant to which Doright Group Limited agreed to be bound by the terms of the share charge dated 20 June 2008 and the Amendment Deed to the Finance Documents as an additional chargor to the share charge dated 20 June 2008 and as a share chargor to the Amendment Deed to the Finance Documents;
- (d) a facility accession deed dated 18 February 2010 between Doright Group Limited and Standard Bank Asia Limited, as senior facility agent, pursuant to which Doright Group Limited agreed to be bound by the terms of the Facility Agreement, the security trust and intercreditor deed dated 20 June 2008 (the “**STID**”), the Amendment Deed to the Finance Documents and the other finance documents in relation to the Facility Agreement as an additional guarantor to the Facility Agreement, as an obligor to the STID and as a guarantor to the Amendment Deed to the Finance Documents;
- (e) a STID accession deed dated 18 February 2010 between Doright Group Limited and Standard Bank Asia Limited, as security trustee, pursuant to which Doright Group Limited agreed to be bound by the terms of the STID and the Amendment Deed to the Finance Documents as an additional guarantor to the STID and as a share chargor and a security chargor to the Amendment Deed to the Finance Documents;
- (f) a general security accession deed dated 18 February 2010 (the “**General Security Accession Deed**”) between Doright Group Limited and Standard Bank Asia Limited, as security trustee, pursuant to which Doright Group Limited agreed to be bound by the terms of the fixed and floating security document dated 20 June 2008 and the Amendment Deed to the Finance Documents as an additional chargor to the fixed and floating security document dated 20 June 2008 and as a share chargor to the Amendment Deed to the Finance Documents;
- (g) a deed of release dated 18 February 2010 between CEC Outfitters, as security provider, and Standard Bank Asia Limited, as security trustee, pursuant to which Standard Bank Asia Limited agreed to release certain security created under the share charge dated 20 June 2008 over all of the shares of each of CEC Menswear HK, Faith Enterprise and Sky Trend held by CEC Outfitters;





- (h) an omnibus assignment, assumption and accession agreement dated 30 March 2010 entered into between London Fog (China), CEC Outfitters, Iconix, ICL London Fog and Sam Zhang & Co. with respect to, among other things, the London Fog Shareholders' Agreement and the Trademark Assignment Agreement pursuant to which Iconix agreed to, among other things, assign its rights and obligations under the London Fog Shareholders' Agreement and the Trademark Assignment Agreement to ICL London Fog;
- (i) a deed dated 1 November 2010 relating to the accession, variation and waiver relating to the Shareholders' and Investors' Rights Agreement between CEC Outfitters, CEC Menswear BVI, Vinglory, Mr. Chen and the Investors pursuant to which the Investors agreed to, among other things, accede to the rights and obligations under the Shareholders' and Investors' Rights Agreement;
- (j) a deed of release dated 26 October 2010 between Vinglory, as security provider, Standard Bank Asia Limited, as security trustee, CEC Outfitters and Doright Group Limited pursuant to which Standard Bank Asia Limited agreed to release certain security created under the share charge dated 20 June 2008 (as amended and supplemented by the Share Charge Accession Deed) over 4,000 shares in CEC Outfitters held by Vinglory;
- (k) a deed of release dated 28 April 2011 in relation to the share charge dated 20 June 2008 and the Share Charge Accession Deed between CEC Outfitters, Vinglory, CEC Menswear BVI and Doright Group Limited, each as a security provider, and Standard Bank Asia Limited, as security trustee, pursuant to which Standard Bank Asia Limited agreed to release the security created under the share charge dated 20 June 2008 (as amended and supplemented by the Share Charge Accession Deed) over (i) all of the shares of CEC Outfitters held by Vinglory and CEC Menswear BVI; (ii) all of the shares of CEC Menswear HK held by Doright Group Limited; (iii) all of the shares of Doright Group Limited held by CEC Outfitters; (iv) all of the shares of Faith Enterprise held by Doright Group Limited and (v) all of the shares of Sky Trend held by Doright Group Limited;
- (l) a deed of release dated 28 April 2011 in relation to the fixed and floating charge dated 20 June 2008 and the General Security Accession Deed between CEC Outfitters, Doright Group Limited, CEC Menswear HK, Faith Enterprise and Sky Trend, each as a security provider, and Standard Bank Asia Limited, as security trustee, pursuant to which Standard Bank Asia Limited agreed to release the charged assets under the fixed and floating charge dated 20 June 2008 (as amended and supplemented by the General Security Accession Deed);
- (m) an equity pledge release contract dated 30 May 2011 between CEC Menswear HK, Faith Enterprise and Sky Trend, together as pledgors, and Standard Bank Asia Limited as pledgee, pursuant to which Standard Bank Asia Limited agreed to release the pledge over the entire equity interest in Shanghai Doright under the two equity pledge contracts dated 26 June 2008 between the parties;

- (n) an equity pledge release contract dated 30 May 2011 between CEC Menswear HK, Faith Enterprise and Sky Trend, together as pledgors, and Standard Bank Asia Limited as pledgee, pursuant to which Standard Bank Asia Limited agreed to release the pledge over the entire equity interest in Dezhou Sino-Union, under the two equity pledge contracts dated 26 June 2008 between the parties;
- (o) the sale and purchase agreement dated 3 June 2011 between our Company and CEC Outfitters pursuant to which our Company acquired the entire issued share capital of each of Doright Group Limited, London Fog (China) and Shinemax held by CEC Outfitters in consideration of the allotment and issue of 98,215 Shares by our Company to CEC Outfitters;
- (p) deed of indemnity dated 14 June 2011 entered into between CEC Outfitters, CEC Menswear BVI, and Vinglory (the “Indemnifiers”) and the Company pursuant to which the Indemnifiers agreed to give certain indemnities in favour of our Company (for itself and on behalf of members of the Group), particulars of which are set out in the section headed “— Other Information — Deed of Indemnity” in this Appendix;
- (q) Deed of Non-competition dated 14 June 2011 entered into between CEC Outfitters, CEC Menswear BVI, Vinglory and Mr. Zhang Bruce Yongfu in favour of our Company, a summary of which is set out in the section headed “Relationship with Controlling Shareholders”; and
- (r) the Hong Kong Underwriting Agreement.

Intellectual property rights of our Group

Licensed Trademarks






As at the Latest Practicable Date, we have the right to use the following licensed trademarks:






| Trademark | Place of Registration | Class | Registration Number | Expiry Date of License |
|---|-----------------------|-------|---------------------|-------------------------------|
|  | PRC | 25 | 4043806 | 28 February 2015 |
| 圣大保罗 | PRC | 25 | 3226296 | 6 April 2014 |
| SIDEOUT | PRC | 9 | 1399366 | 20 May 2020 |
| SIDEOUT | PRC | 14 | 1362995 | 13 February 2020 |
| SIDEOUT | PRC | 18 | 1392704 | 6 May 2020 |
| SIDEOUT | PRC | 25 | 731515 | 20 February 2015 |
|  | PRC | 25 | 3657026 | 13 March 2016 |
| SIDEOUT | PRC | 25 | 1373351 | 13 March 2020 |
| SIDEOUT | PRC | 28 | 1380949 | 6 April 2020 |
|  | PRC | 25 | 3828842 | 30 December 2012 |
| JEEP | PRC | 25 | 346811 | 31 December 2015 [△] |
| JEEP | PRC | 25 | 579418 | 31 December 2015 [△] |
| JEEP | PRC | 25 | 344273 | 31 December 2015 [△] |
|  | HK | 3 | 301105622 | 29 April 2018 |
| LONDON FOG .. | HK | 3 | 301105613 | 29 April 2018 |

[△] Application for recordal has been made with the Trademark Office of the State Administration for Industry and Commerce of the PRC and is pending approval.

Registered Trademarks






As at the Latest Practicable Date, we have registered the following licensed trademarks:

| Trademark | Place of Registration | Class | Registration Number | Expiry Date |
|---|-----------------------|-------|---------------------|-----------------|
|  | PRC | 6 | 7471781 | 13 October 2020 |
|  | PRC | 11 | 7471805 | 27 January 2021 |
|  | PRC | 16 | 7471821 | 20 October 2020 |
|  | PRC | 20 | 7471839 | 20 October 2020 |
|  | PRC | 21 | 7471854 | 20 October 2020 |
|  | PRC | 26 | 7471880 | 6 November 2020 |
|  | PRC | 28 | 7471887 | 6 November 2020 |

| Trademark | Place of Registration | Class | Registration Number | Expiry Date |
|---|-----------------------|-------|---------------------|------------------|
|  | PRC | 42 | 7471902 | 13 December 2020 |
|  | PRC | 35 | 7029241 | 20 August 2020 |
|  | PRC | 24 | 7029243 | 27 August 2021 |
|  | PRC | 14 | 7029245 | 13 June 2020 |
|  | PRC | 9 | 7029246 | 6 October 2020 |

| Trademark | Place of Registration | Class | Registration Number | Expiry Date |
|--|-----------------------|-------|---------------------|-----------------------------|
|  | PRC | 3 | 7029247 | 27 June 2020 |
| LONDON FOG | PRC | 25 | 145932 | 14 April 2011* [△] |
|  | PRC | 25 | 145935 | 14 April 2011 [△] |
| LONDON FOG | PRC | 18 | 3126435 | 6 July 2013 |
| LONDON FOG | PRC | 25 | 6103575 | 27 March 2020 |
| LONDON FOG | PRC | 24 | 6103576 | 20 April 2020 |
| LONDON FOG | PRC | 18 | 6103577 | 27 March 2020 |
| LONDON FOG | PRC | 14 | 6103578 | 6 January 2020 |
| LONDON FOG | PRC | 9 | 6103579 | 13 February 2020 |
| LONDON FOG | PRC | 3 | 6103580 | 20 August 2020 |
| LONDON FOG | PRC | 35 | 7026998 | 6 September 2020 |
| LONDON FOG | PRC | 25 | 7026999 | 6 September 2020 |
| LONDON FOG | PRC | 24 | 7027094 | 27 September 2020 |
| LONDON FOG | PRC | 18 | 7027095 | 27 September 2020 |
| LONDON FOG | PRC | 14 | 7027096 | 20 June 2020 |
| LONDON FOG | PRC | 9 | 7027097 | 6 October 2020 |
| LONDON FOG | PRC | 3 | 7027098 | 27 July 2020 |

*[△] Application for renewal has been made and is pending approval.

| Trademark | Place of Registration | Class | Registration Number | Expiry Date |
|---|-----------------------|-------|---------------------|---------------|
|  | Macau | 3 | N/39558 | 26 March 2016 |
|  | Macau | 9 | N/39559 | 26 March 2016 |
|  | Macau | 14 | N/39560 | 26 March 2016 |
|  | Macau | 18 | N/39561 | 26 March 2016 |
|  | Macau | 24 | N/39562 | 26 March 2016 |

| Trademark | Place of Registration | Class | Registration Number | Expiry Date |
|---|-----------------------|-------------------------|---------------------|-------------------|
|  | Macau | 25 | N/39563 | 26 March 2016 |
|  | Macau | 35 | N/39564 | 26 March 2016 |
| LONDON FOG .. | Taiwan | 3, 9, 14, 24, 25, 35 | 01377270 | 31 August 2019 |
|  | Taiwan | 3, 9, 14, 24, 25, 35 | 01377271 | 31 August 2019 |
| LONDON FOG .. | Macau | 3 | N/39551 | 26 March 2016 |
| LONDON FOG .. | Macau | 9 | N/39552 | 26 March 2016 |
| LONDON FOG .. | Macau | 14 | N/39553 | 26 March 2016 |
| LONDON FOG .. | Macau | 18 | N/39554 | 26 March 2016 |
| LONDON FOG .. | Macau | 24 | N/39555 | 26 March 2016 |
| LONDON FOG .. | Macau | 25 | N/39556 | 26 March 2016 |
| LONDON FOG .. | Macau | 35 | N/39557 | 26 March 2016 |
| doright | PRC | 8 | 4032003 | 13 May 2016 |
| doright | PRC | 9 | 4032004 | 27 September 2016 |

| Trademark | Place of Registration | Class | Registration Number | Expiry Date |
|----------------------|-----------------------|-------|---------------------|------------------|
| doright | PRC | 12 | 4032005 | 27 July 2016 |
| doright | PRC | 14 | 4032006 | 20 December 2016 |
| doright | PRC | 16 | 4032007 | 20 December 2016 |
| doright | PRC | 18 | 4032008 | 20 October 2017 |
| doright | PRC | 20 | 4032009 | 20 December 2016 |
| doright | PRC | 21 | 4032010 | 20 December 2016 |
| doright | PRC | 24 | 4032011 | 20 October 2017 |
| doright | PRC | 25 | 4032012 | 20 October 2017 |
| doright | PRC | 28 | 4031993 | 20 October 2017 |
| doright | PRC | 35 | 4031994 | 27 March 2017 |
| doright | PRC | 41 | 4031995 | 27 March 2017 |
| DORIGHT | PRC | 6 | 7599559 | 13 November 2020 |
| DORIGHT | PRC | 8 | 7599574 | 27 February 2021 |
| DORIGHT | PRC | 9 | 7599603 | 27 February 2021 |
| DORIGHT | PRC | 11 | 7599620 | 27 February 2021 |
| DORIGHT | PRC | 12 | 7599673 | 13 November 2020 |
| DORIGHT | PRC | 16 | 7603687 | 20 November 2020 |
| DORIGHT | PRC | 18 | 7603740 | 20 November 2020 |
| DORIGHT | PRC | 20 | 7611180 | 20 November 2020 |
| DORIGHT | PRC | 14 | 7603621 | 27 December 2020 |
| DORIGHT | PRC | 21 | 7603768 | 20 December 2020 |
| DORIGHT | PRC | 35 | 7611318 | 13 December 2020 |
| DORIGHT | PRC | 42 | 7596293 | 27 December 2020 |
| DORIGHT | PRC | 24 | 7603804 | 20 November 2020 |
| DORIGHT | PRC | 25 | 7596476 | 13 November 2020 |

| Trademark | Place of Registration | Class | Registration Number | Expiry Date |
|--|-----------------------|-------|---------------------|------------------|
| DORIGHT | PRC | 26 | 7596646 | 20 November 2020 |
| DORIGHT | PRC | 28 | 7611233 | 20 November 2020 |
| DORIGHT | PRC | 41 | 7594915 | 20 February 2021 |
| 九号货仓 | PRC | 6 | 6687847 | 27 March 2020 |
| 九号货仓 | PRC | 9 | 6687848 | 27 May 2020 |
| 九号货仓 | PRC | 11 | 6687849 | 27 May 2020 |
| 九号货仓 | PRC | 14 | 6687850 | 27 March 2020 |
| 九号货仓 | PRC | 16 | 6687851 | 27 March 2020 |
| 九号货仓 | PRC | 18 | 6687852 | 20 July 2020 |
| 九号货仓 | PRC | 21 | 6687853 | 27 March 2020 |
| 九号货仓 | PRC | 24 | 6687854 | 27 July 2020 |
| 九号货仓 | PRC | 28 | 6687856 | 27 July 2020 |
|  | PRC | 25 | 1561374 | 27 April 2021 |
| SIMPLE CITY | PRC | 11 | 6277109 | 20 October 2020 |
| SIMPLE CITY | PRC | 6 | 6277105 | 13 February 2020 |
| SIMPLE CITY | PRC | 9 | 6277116 | 6 February 2021 |
| SIMPLE CITY | PRC | 14 | 6277122 | 13 February 2020 |
| SIMPLE CITY | PRC | 16 | 6277144 | 13 March 2020 |
| SIMPLE CITY | PRC | 18 | 6277132 | 27 March 2020 |
| SIMPLE CITY | PRC | 21 | 6277128 | 20 February 2020 |
| SIMPLE CITY | PRC | 24 | 6277139 | 27 March 2020 |
| SIMPLE CITY | PRC | 25 | 6277136 | 6 March 2021 |
| 索桥 | PRC | 6 | 6277124 | 13 February 2020 |
| 索桥 | PRC | 9 | 6277118 | 27 March 2020 |
| 索桥 | PRC | 11 | 6277107 | 27 March 2020 |
| 索桥 | PRC | 14 | 6277119 | 13 February 2020 |
| 索桥 | PRC | 16 | 6277126 | 27 February 2020 |
| 索桥 | PRC | 18 | 6277134 | 27 March 2020 |
| 索桥 | PRC | 21 | 6277129 | 20 February 2020 |
| 索桥 | PRC | 24 | 6277142 | 27 March 2020 |
| 索桥 | PRC | 25 | 6277137 | 6 April 2020 |
| 季风 | PRC | 6 | 6687857 | 27 March 2020 |

| Trademark | Place of Registration | Class | Registration Number | Expiry Date |
|--------------------|-----------------------|-------|---------------------|------------------|
| 季风..... | PRC | 9 | 6687858 | 6 October 2020 |
| 季风..... | PRC | 11 | 6687859 | 6 October 2020 |
| 季风..... | PRC | 21 | 6687863 | 27 March 2020 |
| CABLE BRIDGE | PRC | 6 | 6277106 | 13 February 2020 |
| CABLE BRIDGE | PRC | 9 | 6277115 | 27 March 2020 |
| CABLE BRIDGE | PRC | 11 | 6277110 | 27 March 2020 |
| CABLE BRIDGE | PRC | 14 | 6277121 | 13 February 2020 |
| CABLE BRIDGE | PRC | 16 | 6277143 | 27 February 2020 |
| CABLE BRIDGE | PRC | 18 | 6277131 | 27 March 2020 |
| CABLE BRIDGE | PRC | 21 | 6277127 | 20 February 2020 |
| CABLE BRIDGE | PRC | 24 | 6277140 | 27 March 2020 |
| CABLE BRIDGE | PRC | 25 | 6277135 | 6 April 2020 |
| 简城 | PRC | 6 | 6277123 | 13 February 2020 |
| 简城 | PRC | 9 | 6277117 | 27 March 2020 |
| 简城 | PRC | 11 | 6277108 | 27 March 2020 |
| 简城 | PRC | 14 | 6277120 | 13 February 2020 |
| 简城 | PRC | 16 | 6277125 | 27 February 2020 |
| 简城 | PRC | 18 | 6277133 | 27 March 2020 |
| 简城 | PRC | 21 | 6277130 | 20 February 2020 |
| 简城 | PRC | 24 | 6277141 | 27 March 2020 |
| 简城 | PRC | 25 | 6277138 | 6 April 2020 |
| 德瑞特 | PRC | 6 | 7599553 | 13 November 2020 |
| 德瑞特 | PRC | 8 | 7599584 | 27 February 2021 |
| 德瑞特 | PRC | 9 | 7599599 | 20 February 2021 |
| 德瑞特 | PRC | 11 | 7599632 | 20 February 2021 |
| 德瑞特 | PRC | 12 | 7599664 | 13 November 2020 |
| 德瑞特 | PRC | 14 | 7603606 | 20 December 2020 |
| 德瑞特 | PRC | 16 | 7603696 | 20 November 2020 |
| 德瑞特 | PRC | 18 | 7603730 | 20 November 2020 |
| 德瑞特 | PRC | 21 | 7603773 | 13 March 2021 |
| 德瑞特 | PRC | 24 | 7603794 | 20 November 2020 |
| 德瑞特 | PRC | 25 | 7596492 | 13 November 2020 |
| 德瑞特 | PRC | 26 | 7596533 | 20 November 2020 |

| Trademark | Place of Registration | Class | Registration Number | Expiry Date |
|-----------|-----------------------|-------|---------------------|------------------|
| 德瑞特 | PRC | 28 | 7611260 | 6 January 2021 |
| 德瑞特 | PRC | 35 | 7611306 | 13 December 2020 |

As at the Latest Practicable Date, applications have been made for the registration of the following trademarks:

| Trademark | Place of Application | Class | Application Number | Application Date |
|-------------------------|----------------------|-------|--------------------|------------------|
| LONDON FOG | PRC | 3 | 7483894 | 19 June 2009 |
| LONDON FOG | PRC | 6 | 7483886 | 19 June 2009 |
| LONDON FOG | PRC | 9 | 7483879 | 19 June 2009 |
| LONDON FOG | PRC | 11 | 7480413 | 18 June 2009 |
| LONDON FOG | PRC | 14 | 7480384 | 18 June 2009 |
| LONDON FOG | PRC | 16 | 7480361 | 18 June 2009 |
| LONDON FOG | PRC | 18 | 7480338 | 18 June 2009 |
| LONDON FOG | PRC | 20 | 7480323 | 18 June 2009 |
| LONDON FOG | PRC | 21 | 7480306 | 18 June 2009 |
| LONDON FOG | PRC | 24 | 7480288 | 18 June 2009 |
| LONDON FOG | PRC | 25 | 7480213 | 18 June 2009 |
| LONDON FOG | PRC | 26 | 7480181 | 18 June 2009 |
| LONDON FOG | PRC | 28 | 7480169 | 18 June 2009 |
| LONDON FOG | PRC | 18 | 8360335 | 3 June 2010 |
| LONDON FOG | PRC | 24 | 8360398 | 3 June 2010 |
| LONDON FOG | PRC | 25 | 8360379 | 3 June 2010 |
| LONDON FOG | PRC | 26 | 8360360 | 3 June 2010 |
| LONDON FOG | PRC | 35 | 7478016 | 17 June 2009 |
| LONDON FOG | PRC | 42 | 7471974 | 15 June 2009 |
| 伦敦雾 | PRC | 3 | 7483897 | 19 June 2009 |
| 伦敦雾 | PRC | 6 | 7483907 | 19 June 2009 |
| 伦敦雾 | PRC | 9 | 7483918 | 19 June 2009 |

| Trademark | Place of Application | Class | Application Number | Application Date |
|-------------------|----------------------|-------|--------------------|------------------|
| 伦敦雾 | PRC | 11 | 7488484 | 22 June 2009 |
| 伦敦雾 | PRC | 14 | 7483927 | 19 June 2009 |
| 伦敦雾 | PRC | 16 | 7489010 | 22 June 2009 |
| 伦敦雾 | PRC | 18 | 7483938 | 19 June 2009 |
| 伦敦雾 | PRC | 20 | 7489024 | 22 June 2009 |
| 伦敦雾 | PRC | 21 | 7489045 | 22 June 2009 |
| 伦敦雾 | PRC | 24 | 7489065 | 22 June 2009 |
| 伦敦雾 | PRC | 25 | 7483949 | 19 June 2009 |
| 伦敦雾 | PRC | 26 | 7489080 | 22 June 2009 |
| 伦敦雾 | PRC | 28 | 7489107 | 22 June 2009 |
| 伦敦雾 | PRC | 35 | 7483973 | 19 June 2009 |
| 伦敦雾 | PRC | 42 | 7489126 | 22 June 2009 |
| 伦敦雾 | PRC | 25 | 8317015 | 20 May 2010 |
| 伦敦雾 | PRC | 26 | 8316956 | 20 May 2010 |
| DORIGHT | PRC | 3 | 7596717 | 5 August 2009 |
| 九号货仓 | PRC | 25 | 6687855 | 28 April 2008 |
| ALL FITTING | PRC | 6 | 6316270 | 11 October 2007 |
| ALL FITTING | PRC | 9 | 6316269 | 11 October 2007 |
| ALL FITTING | PRC | 11 | 6316298 | 11 October 2007 |
| ALL FITTING | PRC | 14 | 6316297 | 11 October 2007 |
| ALL FITTING | PRC | 16 | 6316296 | 11 October 2007 |
| ALL FITTING | PRC | 18 | 6316295 | 11 October 2007 |
| ALL FITTING | PRC | 21 | 6316294 | 11 October 2007 |
| ALL FITTING | PRC | 24 | 6316293 | 11 October 2007 |
| ALL FITTING | PRC | 25 | 6316292 | 11 October 2007 |
| 德瑞特 | PRC | 3 | 7596737 | 5 August 2009 |
| 德瑞特 | PRC | 41 | 7596251 | 5 August 2009 |
| 德瑞特 | PRC | 42 | 7596278 | 5 August 2009 |

Domain Names

As at the Latest Practicable Date, we have registered the following domain names:

| Domain Name | Registrant | Expiry Date |
|-----------------------------------|-----------------------------------|--------------------|
| www.cohl.com.hk | China Outfitters Holdings Limited | 25 May 2014 |
| www.cohl.hk | China Outfitters Holdings Limited | 20 April 2014 |
| www.sbpolo.com.cn | 上海同瑞服飾有限公司 | 24 September 2014 |
| 圣大保罗.公司 | 上海同瑞服飾有限公司 | 3 September 2012 |
| 圣大保罗.com | 上海同瑞服飾有限公司 | 3 September 2012 |
| 圣大保罗服饰.公司 | 上海同瑞服飾有限公司 | 19 July 2012 |
| 圣大保罗服饰.com | 上海同瑞服飾有限公司 | 19 July 2012 |
| www.simpleart-hallmark.com . . | 上海同瑞服飾有限公司 | 14 June 2015 |
| www.jeep-apparel.com.cn | 廣東利威制衣有限公司 | 7 September 2014 |
| www.doright.com.cn | 上海同瑞服飾有限公司 | 22 August 2012 |
| londonfogchina.com.cn | 倫頓弗格(上海)服飾有限公司 | 5 May 2012 |
| londonfogchina.cn | 倫頓弗格(上海)服飾有限公司 | 5 May 2012 |
| londonfogusa.com.cn | 倫頓弗格(上海)服飾有限公司 | 18 September 2011 |
| wear925.cn | 上海同瑞服飾有限公司 | 4 July 2015 |
| concept925.cn | 上海同瑞服飾有限公司 | 4 July 2015 |
| chinaoutlet.com.cn | 上海同瑞服飾有限公司 | 29 May 2016 |
| wear925.com.cn | 上海同瑞服飾有限公司 | 4 July 2015 |
| concept925.com.cn | 上海同瑞服飾有限公司 | 4 July 2015 |
| allfitting.cn | 上海同瑞服飾有限公司 | 13 September 2015 |
| allfitting.com.cn | 上海同瑞服飾有限公司 | 13 September 2015 |
| 同瑞服饰.com | 上海同瑞服飾有限公司 | 19 July 2012 |
| 同瑞服饰.公司 | 上海同瑞服飾有限公司 | 19 July 2012 |
| 同瑞.com | 上海同瑞服飾有限公司 | 19 July 2012 |
| 同瑞.公司 | 上海同瑞服飾有限公司 | 19 July 2012 |
| wear925.com | 上海同瑞服飾有限公司 | 4 July 2015 |
| concept925.com | 上海同瑞服飾有限公司 | 4 July 2015 |
| allfitting.com | 上海同瑞服飾有限公司 | 13 September 2015 |
| londonfogchina.com | 倫頓弗格(上海)服飾有限公司 | 5 May 2012 |

Further information about our PRC Operating Subsidiaries**(a) 上海同瑞服飾有限公司 (Shanghai Doright Fashion Co., Ltd. *)**

| | |
|---------------------------------------|--|
| Nature of the company: | Wholly foreign-owned enterprise |
| Date of establishment: | 6 August 2003 |
| Term of business operation: | 50 years expiring on 5 August 2053 |
| Total investment: | US\$15,000,000 |
| Registered capital: | US\$8,500,000 fully paid as at 19 April 2010 |
| Attributable interest of our Company: | 100% |
| Scope of business: | Design and manufacturing of knitwear and leather apparel products and accessories, and sales of self-manufactured products (subject to any permit if required) |
| Legal representative: | Mr. Lo Peter |

(b) 德州中合服飾有限公司 (Dezhou Sino-Union Garment Co., Ltd. *)

| | |
|---------------------------------------|---|
| Nature of the company: | Wholly foreign-owned enterprise |
| Date of establishment: | 6 January 2005 |
| Term of business operation: | 20 years expiring on 5 January 2025 |
| Total investment: | US\$600,000 |
| Registered capital: | US\$600,000 fully paid as at 20 January 2005 |
| Attributable interest of our Company: | 100% |
| Scope of business: | Design, manufacturing and consultation of apparel and leather products (excluding production of leather) and auxiliary materials, sales of self-manufactured products; and production and installation of product showcases |
| Legal representative: | Mr. Lo Peter |

(c) 上海保威服飾有限公司 (Shanghai Baowei Fashion Co., Ltd. *)

| | |
|---------------------------------------|--|
| Nature of the company: | Limited liability company |
| Date of establishment: | 5 April 1999 |
| Term of business operation: | 15 years expiring on 3 April 2014 |
| Registered capital: | RMB1,000,000 fully paid as at 16 March 1999 |
| Attributable interest of our Company: | 100% |
| Scope of business: | Sales of apparel products and auxiliary materials, knitwear and textile products, domestic products, leather products, cultural and educational products, shoes and caps, materials for construction or decoration, electric tools, dinning ware, automobile and motorcycle accessories, and raw materials for chemical (except for hazardous or regulated chemical, firework products, explosives and poisonous chemical), commodity information consultation, enterprise management consultation and investment consultation (subject to any permit if required) |
| Legal representative: | Mr. Zhang Yongli |

(d) 上海保德威服飾有限公司 (Shanghai Bolderway Fashion Co., Ltd. *)

| | |
|---------------------------------------|---|
| Nature of the company: | Limited liability company |
| Date of establishment: | 28 November 2001 |
| Term of business operation: | 15 years expiring on 26 November 2016 |
| Registered capital: | RMB6,000,000 fully paid as at 17 November 2010 |
| Attributable interest of our Company: | 100% |
| Scope of business: | Sales of apparel products and accessories (subject to any permit if required) |
| Legal representative: | Mr. Zhang Yongli |

(e) 上海簡成商貿有限公司 (Shanghai Jiancheng Trading Co., Ltd. *)

| | |
|-----------------------------|----------------------------------|
| Nature of the company: | Limited liability company |
| Date of establishment: | 31 May 2004 |
| Term of business operation: | 10 years expiring on 30 May 2014 |

| | |
|---------------------------------------|--|
| Registered capital: | RMB3,000,000 fully paid as at 17 November 2010 |
| Attributable interest of our Company: | 100% |
| Scope of business: | Retail sales of apparel products, knitwear and textile products, shoes, caps, ancillary materials for clothing, commodities, household products, stationeries and electric tools |
| Legal representative: | Mr. Zhang Yongli |

(f) 北京保德威服飾有限公司 (Beijing Bolderway Fashion Co., Ltd. *)

| | |
|---------------------------------------|---|
| Nature of the company: | Limited liability company |
| Date of establishment: | 28 November 2003 |
| Term of business operation: | 20 years expiring on 27 November 2023 |
| Registered capital: | RMB3,000,000 fully paid as at 9 December 2010 |
| Attributable interest of our Company: | 100% |
| Scope of business: | Sales (excluding retail) of general merchandise, clocks and watches, opticals, electric tools and hardware, leather products, shoes and hats, knitwear and textile products, and cultural and sports products |
| Legal representative: | Mr. Zhang Yongli |

(g) 廣東利威制衣有限公司 (Guangdong Leaderway Garment Co., Ltd. *)

| | |
|---------------------------------------|---|
| Nature of the company: | Limited liability company |
| Date of establishment: | 25 March 1999 |
| Term of business operation: | Indefinite from 25 March 1999 |
| Registered capital: | RMB3,000,000 fully paid as at 9 December 2010 |
| Attributable interest of our Company: | 100% |
| Scope of business: | Design, production, processing and sales of clothing, shoes and hats, leathers, textiles, ancillary materials for clothing, stationery and sports products, and craftworks and artworks |
| Legal representative: | Mr. Zhang Yongli |

(h) 四川保德威商貿有限公司 (Sichuan Bolderway Trading Co., Ltd*)

| | |
|---------------------------------------|--|
| Nature of the company: | Limited liability company |
| Date of establishment: | 19 March 2004 |
| Term of business operation: | Indefinite from 19 March 2004 |
| Registered capital: | RMB300,000 fully paid as at 1 March 2004 |
| Attributable interest of our Company: | 100% |
| Scope of business: | Domestic commercial retail sales (subject to any permit if required) |
| Legal representative: | Mr. Zhang Yongli |

(i) 廣州瑞唐貿易有限公司 (Guangzhou Ruitang Trading Co., Ltd. *)

| | |
|---------------------------------------|--|
| Nature of the company: | Limited liability company |
| Date of establishment: | 24 May 2004 |
| Term of business operation: | Indefinite from 24 May 2004 |
| Registered capital: | RMB500,000 fully paid as at 14 April 2004 |
| Attributable interest of our Company: | 100% |
| Scope of business: | Wholesale of apparel, knitting products, hat and shoes, textile and auxiliary materials for clothing, general merchandise, electronic tools, stationery and housing products (subject to any permit if required) |
| Legal representative: | Mr. Zhang Yongli |

(j) 上海勳格服飾有限公司 (Shanghai Xunge Fashion Co., Ltd. *)

| | |
|---------------------------------------|--|
| Nature of the company: | Limited liability company |
| Date of establishment: | 9 October 2008 |
| Term of business operation: | 10 years expiring on 8 October 2018 |
| Registered capital: | RMB10,000,000 fully paid as at 18 September 2008 |
| Attributable interest of our Company: | 55% |

Scope of business: Design, manufacturing and retail sales of apparel products and accessories, shoes and hats, leather goods, luggage, stationeries and sports products; craftworks and artworks products (for those enterprise operations involving administrative licensing shall be operated in accordance with licensing permits)

Legal representative: Mr. Zhang Yongli

(k) 倫頓弗格(上海)服飾有限公司 (London Fog (Shanghai) Fashion Co., Ltd.*)

Nature of the company: Limited liability company (sino-foreign equity-joint venture)

Date of establishment: 26 May 2009

Term of business operation: 20 years expiring on 30 May 2029

Total investment: RMB14,000,000

Registered capital: RMB10,000,000 fully paid as at 10 June 2009

Attributable interest of our Company: 100%

Scope of business: Design and manufacturing (including commissioned processing) of knitwear, and leather related apparels and accessories; sales of company self-manufactured products; wholesale of the above products and luggage, shoes and hats, umbrellas, arts and crafts, stationeries and sports products; commission-agency (other than auction); imports and exports and related ancillary services (those merchandises not involving state-run trading and management but involving quota licensing management, specifically-regulated management shall be dealt with in accordance with stipulations of the Government of the PRC; and enterprise operations involving administrative licensing shall be operated in accordance with the relevant licensing permits)

Legal representative: Mr. Zhang Yongli

(l) 瑞國(蘇州)服飾有限公司 (Ruiguo Suzhou Garment Co., Ltd.*)

Nature of the company: Limited liability company

Date of establishment: 24 January 2011

Term of business operation: 10 years expiring on 20 January 2021

Registered capital: RMB100,000,000 fully paid as at 18 January 2011

| | |
|---------------------------------------|--|
| Attributable interest of our Company: | 100% |
| Scope of business: | Management and provision of consultancy services for clothing enterprises and clothing brands; design of knitwear and leather apparel products and accessories; and sales of apparel products, luggage, shoes and headwear |
| Legal representative: | Mr. Zhang Yongli |

(m) 德州中合商用展櫃有限公司 (Dezhou Zhonghe Shangyong Zhanguai Co., Ltd*)

| | |
|---------------------------------------|--|
| Nature of the company: | Limited liability company |
| Date of establishment: | 22 March 2011 |
| Term of business operation: | Indefinite from 22 March 2011 |
| Total investment: | RMB500,000 |
| Registered capital: | RMB500,000 fully paid as at 25 February 2011 |
| Attributable interest of our Company: | 100% |
| Scope of business: | (i) Manufacturing, sales and installation of commercial product showcases and accessories, and apparel product display equipment and (ii) interior renovation and decorating (subject to valid quality permit) |
| Legal representative: | Mr. Zhang Yongli |

D. FURTHER INFORMATION ABOUT THE DIRECTORS

Directors' service contracts

Each of our executive Directors has entered into a service contract with us for an initial fixed term of three years commencing from the date of their respective appointments and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Our non-executive Director has entered into an appointment letter with us for an initial fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Each of our independent non-executive Directors has entered into an appointment letter with us for an initial fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with us or any of our subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

Directors' remuneration during the Track Record Period

The aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) which were paid to our Directors for the years ended 31 December 2008, 2009 and 2010 are included in note 11 to the Accountant's Report set out in Appendix I.

It is estimated that remuneration equivalent to approximately RMB 6 million in aggregate will be paid and granted by us to our Directors for the financial year ending 31 December 2011 under arrangements in force as at the Latest Practicable Date.

E. DISCLOSURE OF INTERESTS

Disclosure of Interests

(a) Interests and short positions of our Directors in our share capital and our associated corporations following the Global Offering, Corporate Reorganisation and Capitalisation Issue

Immediately following completion of the Capitalisation Issue and Global Offering and without taking into account any Shares which may be allotted and issued pursuant to the Share Option Scheme or the exercise of the Over-allotment Option, the interest or short positions of our Directors and the chief executive in our Shares, underlying Shares and debentures of our associated corporations, within the meaning of Part XV of the SFO which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Interests and short positions in the shares, underlying shares and debentures and associated corporations:

| Name of Director | Number of Shares subject to options granted under the Pre-IPO Share Option Scheme | Approximate percentage of interest in our Company immediately after completion of the Global Offering (%) |
|--------------------------------|--|---|
| Lo Peter | 36,000,000 | 0.97 |
| Zhang Yong Li | 36,000,000 | 0.97 |
| Huang Xiaoyun | 25,000,000 | 0.67 |
| Sun David Lee | 14,500,000 | 0.39 |
| Li Guoqiang | 7,500,000 | 0.20 |
| Kwong Wilson Wai Sun | 1,800,000 | 0.05 |
| Cui Yi | 1,800,000 | 0.05 |
| Yeung Chi Wai | 1,800,000 | 0.05 |

(b) Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO

Immediately following completion of the Corporate Reorganisation, Capitalisation Issue and Global Offering and without taking into account any Shares which may be allotted and issued pursuant to Share Option Scheme or the exercise of the Over-allotment Option, in addition to the interests disclosed under paragraph (a) above, so far as the Directors are aware, the following persons are expected to have interests or short positions in our Shares or underlying Shares which are required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or, are expected to be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

Interests and short positions in our shares and underlying shares:

| Name | Capacity/Nature of interest | Number of Shares | Approximate percentage of shareholding |
|---|-----------------------------|---------------------|--|
| CEC Outfitters | Beneficial Interest | 1,868,100,000 | 50.13% |
| CEC Menswear BVI ⁽¹⁾ | Corporate Interest | 1,868,100,000 | 50.13% |
| Vinglory ⁽²⁾ | Corporate Interest | 1,868,100,000 | 50.13% |
| China Enterprise Capital ⁽³⁾ | Corporate Interest | 1,868,100,000 | 50.13% |
| Zhang Bruce Yongfu ⁽⁴⁾ | Corporate Interest | 1,868,100,000 | 50.13% |
| Orchid I | Beneficial Interest | 495,990,000 | 13.31% |

Notes:

- (1) CEC Menswear BVI is the holder of 57.58% of the issued shares of CEC Outfitters.
- (2) Vinglory is the holder of 42.42% of the issued shares of CEC Outfitters.
- (3) China Enterprise Capital is the holder of the entire issued share capital of CEC Menswear BVI.
- (4) Mr. Zhang Bruce Yongfu is the holder of the entire issued share capital of Vinglory.

Disclaimers

Save as disclosed in this prospectus:

- a) our Directors are not aware of any person (not being our Director or our chief executive) who will, immediately after completion of the Global Offering (without taking into account the Over-allotment Option or any Shares which may be issued pursuant to the exercise of options granted under the Pre-IPO Share Option Scheme or the Share Option Scheme and the Capitalisation Issue), have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at our general meetings;
- b) none of the Directors or chief executive has any interest or short position in any of the Shares, underlying Shares or debentures or any shares, underlying shares or debentures of any associated corporation within the meaning of Part XV of the SFO, which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, in each case once the Shares are listed;
- c) none of the Directors nor any of the parties listed in the section headed “Other Information — Consents of experts” of this Appendix is interested in the promotion of our Company, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries;
- d) none of the Directors nor any of the parties listed in the section headed “Other Information — Consents of experts” of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;
- e) save in connection with the Underwriting Agreements, none of the parties listed in the section headed “— Other Information — Consents of experts” of this Appendix:
 - (i) is interested legally or beneficially in any securities of our Company or any of our subsidiaries; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of our Company or any of our subsidiaries;
- f) none of our Directors or their associates (as defined in the Listing Rules) or the existing Shareholders (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any interest in any of the five largest customers or the five largest suppliers of our Group.

F. PARTICULARS OF THE SELLING SHAREHOLDERS

The particulars of the Selling Shareholders are set out below:

| Name | Address | Number of Sale Shares |
|-----------------------------|--|--------------------------|
| CEC Outfitters | P.O. Box 957 Offshore Incorporations Centre Road Town, Tortola BVI | 111,900,000 |
| ICL London Fog | 12/F., Novel Industrial Building 850-870 Lai Chi Kok Road Cheung Sha Wan Kowloon Hong Kong | 33,480,000 |
| Iconix Investments. | P.O. Box 957 Offshore Incorporations Centre Road Town, Tortola BVI | 6,420,000 |

G. OTHER INFORMATION**Estate Duty and Tax Indemnity**

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the Cayman Islands, the PRC or Hong Kong, being the jurisdiction in which one or more of the companies comprising our Group are incorporated.

Deed of Indemnity

CEC Outfitters, CEC Menswear BVI and Vinglory (the “**Indemnifiers**”) have entered into a deed of indemnity (the “**Indemnity Deed**”) with and in favor of us (being the material contract (s) referred to in the paragraph headed “Summary of material contracts” under the section headed “Further Information about our Business” in this appendix).

Under the Indemnity Deed, the Indemnifiers have given indemnities to our Group on a joint and several basis in respect of any claim or demand in connection with (i) any tax liability (as defined therein) which might be payable by any member of our Group in respect of any income, profits, gains, events earned, accrued or received or entered into on or before the Relevant Date (as defined therein) (ii) any possible or alleged violation of or non-compliance with license agreements for the JEEP and SBPRC brands, (iii) any failure by any member of the Group to obtain the necessary approvals for its operations, or (iv) any unlawful use or non-compliance with applicable regulations of the real properties owned or leased by any member of the Group prior to the Listing Date.

Under the Indemnity Deed, the aforesaid indemnities against taxation liability shall not cover, and the Indemnifiers shall be under no liability in respect of any taxation liability:

- (a) to the extent that full provision or allowance has been made for such taxation liability in the audited combined accounts of our Group for the three years ended 31 December 2010 in Appendix I to this prospectus;
- (b) to the extent that such taxation liability has arisen as a result of any event occurring or entered into, or any income, profits or gains earned, accrued or received in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the Listing Date;
- (c) to the extent that such taxation liability has arisen in respect of any accounting period commencing after 31 December 2010 and would not have arisen but for any act or omission or delay of, or transaction voluntarily carried out or effected by any member without the prior written consent or agreement of the Indemnifiers, other than any such act, omission or transaction carried out in the ordinary course of business or carried out, made or entered into pursuant to a legally binding commitment created on or before the Listing Date;
- (d) to the extent that any provision, reserve or allowance made for taxation liability in the combined audited accounts of the Group for the three financial years ended 31 December 2010 which is finally established to be an over-provision or an excessive reserve or allowance in which case the Indemnifiers' liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such over-provision or excessive reserve or allowance, provided that the amount of any such over -provision or excessive reserve or allowance referred to in this sub-clause which is applied to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any liability arising thereafter;
- (e) to the extent that such taxation liability is discharged by another person who is not a member of our Group and no such member of our Group is required to reimburse such person in respect of the discharge of such taxation claim; and
- (f) to the extent that such taxation liability arises or is incurred as a consequence of any retrospective change in the law coming into force after the Listing Date or to the extent that such taxation arises or is increased as a result of an increase in the rates of taxation after the Listing Date with retrospective effect.

Litigation

As at the Latest Practicable Date, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on its results of operations or financial condition.

Preliminary Expenses

Our estimated preliminary expenses incurred are approximately HK\$80,225 and are payable by us.

Sole Sponsor

The Sole Sponsor made an application on our behalf to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares in issue as mentioned herein, and the Capitalisation Issue and any Shares falling to be issued pursuant to the exercise of the Over-allotment Option and under the Pre-IPO Share Option Scheme the Share Option Scheme. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

No Material Adverse Change

Our Directors confirm that, there has been no material adverse change in their financial or trading position or prospects since 31 December 2010 (being the date to which our latest audited consolidated financial statements were made up).

Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

Miscellaneous

- (1) Save as disclosed in this prospectus:
 - a) within the two years immediately preceding the date of this prospectus, no share or loan capital of any member of our Group has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - b) no share or loan capital of any member of our Group is under option or is agreed conditionally or unconditionally to be put under option;
 - c) our Group has not issued or agreed to issue any founder shares, management shares or deferred shares;
 - d) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;
 - e) within the two years preceding the date of this prospectus, no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in our Company;
 - f) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and
 - g) we have no outstanding convertible debt securities.
- (2) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the twelve (12) months immediately preceding the date of this prospectus.

Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

| Name | Qualification |
|--------------------------------|---|
| UBS | Licensed under the SFO for type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and Type 9 (asset management) regulated activities as defined under the SFO |
| Ernst & Young | Certified Public Accountants |
| Norton Appraisals Limited | Independent professional property valuer |
| Walkers | Cayman Islands attorneys-at-law |
| Commerce & Finance Law Offices | PRC legal counsel to our Company |

Consents of experts

Each of UBS, Ernst & Young, Norton Appraisals Limited, Walkers and Commerce & Finance Law Offices has given and has not withdrawn their respective consent to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provide by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

H. PRE-IPO SHARE OPTION SCHEME**Summary of Terms**

The purpose of the Pre-IPO Share Option Scheme is to provide incentive and/or reward to our Directors and employees for their contribution to, and continuing efforts to promote the interests of, our Company. The principal terms of the Pre-IPO Share Option Scheme, approved by written resolutions of our Shareholders passed on 8 June 2011, are substantially the same as the terms of the Share Option Scheme except that:

- (a) the subscription price per Share under the Pre-IPO Share Option Scheme shall be equal to the Offer Price;

- (b) the total number of Shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme is 363,200,000 Shares representing approximately 9.75% of the enlarged issued share capital of our Company immediately after completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised);
- (c) save for the options which have been granted as at the Latest Practicable Date, no further options will be granted under the Pre-IPO Share Option Scheme on or after the Listing Date; and
- (d) each option granted under the Pre-IPO Share Option Scheme has a 6-year exercise period.

Application has been made to the Listing Committee of the Stock Exchange for the approval of the listing of and permission to deal in the 363,200,000 Shares to be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme.

Outstanding Options Granted

As at the date of this prospectus, options to subscribe to an aggregate of 363,200,000 Shares (representing approximately 9.75% of the enlarged issued share capital of our Company immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised) at an exercise price equal to the Offer Price have been conditionally granted to 20 participants by our Company at a consideration of HK\$1.00 under the Pre-IPO Share Option Scheme. All the options under the Pre-IPO Share Option Scheme were granted on 8 June 2011 and no further options will be granted under the Pre-IPO Share Option Scheme prior to the Listing Date.

The options have been granted to the grantees who have made important contributions and are important to the long term growth and profitability of our Group. A total of 20 employees including 8 Directors and 8 members of the senior management of our Group (set out in the section headed “Directors, Senior Management and Employees” of this prospectus) have been conditionally granted options under the Pre-IPO Share Option Scheme.

A full list of such grantees containing all the details in respect of each option required under paragraph 10 of the Third Schedule to the Companies Ordinance and Rule 17.02(1)(b) of and paragraph 27 of Part A of Appendix I to the Listing Rules is set out below:

| No. | Grantee and Position | Number of Shares to be issued upon full exercise of the Pre-IPO Share Option | Percentage of interest in our Company immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised) |
|-----|----------------------------|--|--|
| | <i>Directors</i> | | |
| 1. | Lo Peter..... | 36,000,000 | |
| | Zhang Yong Li | 36,000,000 | |
| | Huang Xiaoyun | 25,000,000 | |
| | Sun David Lee | 14,500,000 | |
| | Li Guoqiang | 7,500,000 | |
| | Kwong Wilson Wai Sun | 1,800,000 | |
| | Cui Yi | 1,800,000 | |
| | Yeung Chi Wai | 1,800,000 | 3.34% |
| | <i>Senior Management</i> | | |
| 2. | Mak Yue Ping..... | 11,000,000 | |
| | Wang Hai | 30,000,000 | |
| | Lu Yi..... | 25,500,000 | |
| | Wang Jianshang | 25,500,000 | |
| | Li Zhujun | 25,500,000 | |
| | Wong Hon Wing..... | 25,500,000 | |
| | Liu Wenbo..... | 25,500,000 | |
| | Yan Zhong | 25,500,000 | 5.21% |
| | <i>Employees</i> | | |
| 3. | Qi Yunjie | 11,200,000 | |
| | Yu Wenlong..... | 11,200,000 | |
| | Li Zhong | 11,200,000 | |
| | Li Zhixin..... | 11,200,000 | 1.20% |

Each of the above options is subject to a vesting schedule of four years pursuant to which one-fourths ($\frac{1}{4}$) of the options shall become vested and exercisable on 30 June 2012, 2013, 2014 and 2015, respectively. The options issued under the Pre-IPO Share Option Scheme represent approximately 9.75% of our Company's issued share capital immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

Our Directors have undertaken to our Company that they will not exercise the Options granted under the Pre-IPO Share Option Scheme to such extent that the Shares held by the public (as defined in the Listing Rules) after the Global Offering and Capitalisation Issue will fall below the required percentage set out in Rule 8.08 of the Listing Rules or such other percentage as approved by the Stock Exchange from time to time.

I. SHARE OPTION SCHEME

The following is a summary of principal terms of the Share Option Scheme conditionally approved by a written resolution of our sole Shareholder passed on 8 June 2011 and adopted by a resolution of the Board on 8 June 2011. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

1.1 Purpose

The purpose of the Share Option Scheme is to provide incentive and/or reward to Eligible Persons for their contribution to, and continuing efforts to promote the interests of, our Company.

1.2 Conditions of the Share Option Scheme

The Share Option Scheme shall come into effect on the date (the “**Approval Date**”) on which the following conditions are fulfilled:

- 1.2.1 the approval of all the Shareholders for the adoption of the Share Option Scheme;
- 1.2.2 the approval of the Stock Exchange for the listing of and permission to deal in the Shares and any Shares which may fall to be issued pursuant to the exercise of any Options; and
- 1.2.3 the commencement of dealing of the Shares on the Main Board of the Stock Exchange.

1.3 Who may join

The Board may, at its absolute discretion, offer options (“**Options**”) to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to:

- a) any proposed executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group, any full-time or part-time Employee, or a person for the time being seconded to work fulltime or part-time for any member of our Group;
- b) a director or proposed director (including an independent non-executive director) of any member of our Group;
- c) a direct or indirect shareholder of any member of our Group;
- d) a supplier of goods or services to any member of our Group;
- e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group;
- f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group; and
- g) an associate of any of the foregoing persons. (the persons referred above are the “**Eligible Persons**”).

1.4 Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Group and all options granted under the Pre-IPO Share Option Scheme shall not in aggregate exceed 10 per cent. of the Shares in issue as at the Listing Date (i.e. 372,675,000 Shares) (the “Scheme Mandate Limit”) provided that our Company may at any time as the Board may think fit seek approval from our Shareholders to refresh the Scheme Mandate Limit, save that the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Company shall not exceed 10 per cent. of the Shares in issue as at the date of approval by Shareholders in general meeting where the Scheme Mandate Limit is refreshed.

Our Company may seek separate approval from our Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Person specified by our Company before such approval is obtained.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other options granted and yet to be exercised under any other scheme shall not exceed 30 per cent. of our Company’s issued share capital from time to time. No options may be granted under the Share Option Scheme and any other share option scheme of our Company if this will result in such limit being exceeded.

1.5 Maximum entitlement of each participant

No Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1 per cent. of our Company’s issued share capital from time to time.

1.6 Offer and grant of Options

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years after the Adoption Date to offer the grant of an Option to any Eligible Person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof).

Subject to the terms of the Scheme, the Board may in its absolute discretion when offering the grant of an Option specify such conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit when making an offer to an Eligible Person (including, without limitation, as to any performance criteria which must be satisfied by the Eligible Person and/or the Company and/or its Subsidiaries, and any minimum period for which an Option must be held, before an Option may be exercised, if any), provided that such conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme.

1.7 Granting Options to Connected Persons

Subject to the terms in the Share Option Scheme, only insofar as and for so long as the Listing Rules require, where any offer of an Option is proposed to be made to a Director, chief executive or a substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates, such offer must first be approved by the independent non-executive Directors of our Company (excluding the independent non-executive Director who or whose associates is the grantee of an Option).

Where any grant of Options to a substantial shareholder (as defined in the Listing Rules) or an independent non-executive Director of our Company, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1 per cent. of the relevant class of securities in issue; and
- (b) (where the securities are listed on the Stock Exchange), having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million,

such further grant of Options must be approved by Shareholders. Our Company shall send a circular to Shareholders containing the information required under the Listing Rules. All connected persons of our Company must abstain from voting in favour at such general meeting.

Approval from Shareholders is required for any change in the terms of Options granted to a participant who is a substantial shareholder or an independent non-executive Director of our Company, or any of their respective associates.

1.8 Offer period and number accepted

An Option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the Grantee together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company on or before 30 days after the offer date. To the extent that an offer is not accepted within the time stated in the offer for that purpose, it shall be deemed to have been irrevocably declined and shall immediately lapse.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of board lots for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer letter comprising acceptance of the offer of the Option.

1.9 Restriction on the time of grant of Options

The Board shall not grant any Option under the Share Option Scheme after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, no Option shall be granted during the period commencing one month immediately preceding the earlier of the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly

or any other interim period (whether or not required under the Listing Rules) and the deadline for our Company to publish an announcement of its results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcements.

1.10 Exercise price

The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall be at least the highest of:

- (a) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a Business Day;
- (b) the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the offer date; and
- (c) the nominal value of a Share.

1.11 Exercise of Option

An Option shall be exercised in whole or in part (but if in part only, in respect of a Board Lot or any integral multiple thereof) within the Option Period in the manner as set out in this Share Option Scheme by the grantee (or his legal personal representative(s)) by giving notice in writing to our Company stating that the Option is thereby exercised and specifying the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given. "Option Period" means a period to be determined and notified by the Board to the grantee during which period the Option may be exercised and in any event shall not exceed 10 years commencing from the date on which the offer in relation to such Option is accepted.

The exercise of any Option shall be subject to the members of our Company in general meeting approving any necessary increase in the authorised share capital of our Company.

Subject as hereinafter provided:

- (a) where the holder of an outstanding Option ceases to be an Eligible Person for any reason, any part of the Option which has yet to be vested and/or exercisable prior to the date of cessation shall lapse on the date of cessation and not be exercisable, and any part of the Option which has been vested and/or is exercisable prior thereto shall remain exercisable for 1 month following the date of cessation after which date any outstanding Option shall lapse and not be exercisable. The date of such cessation shall be (i) if he is an employee of the Group, his last actual working day at his work place with the Group whether salary is paid in lieu of notice or not; or (ii) if he is not an employee of the Group, the date on which the relationship constituting him an Eligible Person ceases.
- (b) where the holder of an outstanding Option dies before exercising the Option in full or at all, the Option may be exercised up to the entitlement of such holder or, if appropriate, an election made pursuant to the terms of the Scheme by his or her personal representatives within 12 months of the date of death;

- (c) if a general offer by way of a take-over is made to all the Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional, the holders of outstanding Options (or his personal representatives) may by notice in writing to our Company within 14 days after such offer becoming or being declared unconditional exercise the Option to its full extent or to the extent specified in such notice. For the avoidance of doubt, any Option which has yet to be vested shall become vested in full in such situation;
- (d) if a general offer by way of a scheme of arrangement is made to all the Shareholders and the scheme has been approved by the necessary number of Shareholders at the requisite meetings, the holders of outstanding Options (or his personal representatives) may thereafter (but before such time as shall be notified by the Company) by notice in writing to our Company within 14 days of such approval exercise the Option to its full extent or to the extent specified in such notice. For the avoidance of doubt, any Option which has yet to be vested shall become vested in full in such situation; and
- (e) in the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, each holder of outstanding Options (or his or her personal representatives) shall be entitled to exercise all or any of his Options at any time not later than five business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than three business days immediately prior to the date of the proposed general meeting referred to above, issue and allot the relevant Shares to such holder credited as fully paid.

1.12 Ranking of Shares

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the articles of association and the laws of the Cayman Islands from time to time and shall rank *pari passu* in all respects with the then existing fully paid Shares in issue on the allotment date or, if that date falls on a day when the register of members of our Company is closed, the first date of the reopening of the register of members, and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the allotment date or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date hereof shall be before the allotment date.

A Share issued upon the exercise of an Option shall not carry rights until the registration of the Grantee (or any other person) as the holder thereof.

1.13 Life of Share Option Scheme

Subject to the terms of this Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting Options granted prior to the expiry of the 10-year period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

1.14 Lapse of an Option

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- the expiry of the option period;
- the expiry of any of the period referred to paragraphs related to exercise of Option;
- subject to the scheme of arrangement becoming effective, the expiry of the period referred to paragraph (d) of “Exercise of Option” in this section;
- subject to the period mentioned in paragraph (e) of “Exercise of Option” in this section, the date of the commencement of the winding-up of our Company;
- the date on which he begins to appear to be unable to pay or has no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his or her creditors generally or on which he has been convicted of any criminal offence involving his or her integrity or honesty;
- if an Option was granted subject to certain conditions, restrictions or limitation, the date on which the Board resolves that a holder of outstanding Options has failed to satisfy or comply with such conditions, restrictions or limitation; or
- the date on which a holder of outstanding Options commits a breach of the transferability prohibition.

No compensation shall be payable upon the lapse of any Option, provided that the Board shall be entitled in its discretion to pay such compensation to the Grantee in such manner as it may consider appropriate in any particular case.

1.15 Adjustment

In the event of any alteration to the capital structure of our Company while any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, reclassification, reconstruction, sub-division or reduction of the share capital of our Company, the Board may, if it considers the same to be appropriate, direct that adjustments be made to:

- the maximum number of Shares subject to the Share Option Scheme; and/or
- the aggregate number of Shares subject to the Option so far as unexercised; and/or
- the subscription price of each outstanding Option.

Where the Board determines that such adjustments are appropriate (other than an adjustment arising from a capitalisation issue), the auditors appointed by our Company shall certify in writing to the Board that any such adjustments are in their opinion fair and reasonable, provided that:

- any such adjustments shall be made on the basis that the aggregate Subscription Price payable by the Grantee on the full exercise of any Option shall remain as nearly as practicable the same as (but shall not be greater than) as it was before such event;
- no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- any such adjustments shall be made in accordance with the provisions as stipulated under Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time (including supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to Share Option Schemes); and

- the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustments.

1.16 Termination

Our Company, by resolution in general meeting, or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Option will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect and Options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

1.17 Transferability

The Option shall be personal to the grantee and shall not be assignable nor transferable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Option or attempt so to do.

1.18 Alteration

Those specific provisions of the Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of the grantees of the Options or prospective grantees except with the prior approval of the Shareholders in general meeting (with participants and their Associates abstaining from voting). No such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such majority of the grantees as would be required of our Shareholders under the constitutional documents for the time being of our Company for a variation of the rights attached to our Shares.

1.19 Cancellation of Options granted

We may cancel an Option granted but not exercised with the approval of the grantee of such Option.

Options may be granted to an Eligible Person in place of his cancelled Options provided that there are available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit of the Share Option Scheme (or similar limit under any other scheme adopted by the Company) from time to time.

APPENDIX VII DOCUMENTS DELIVERED AND AVAILABLE FOR INSPECTION

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms, the written consents referred to in the paragraph headed “Appendix VI — Statutory and General Information — G. Other Information — Consents of experts” in this prospectus and copies of the material contracts referred to in the paragraph headed “Appendix VI — Statutory and General Information — C. Further Information about our business — Summary of Material Contracts” in this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Herbert Smith at 23rd Floor, Gloucester Tower, 15 Queen’s Road Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

- a) our Memorandum and Articles;
- b) the Accountants’ Report prepared by Ernst & Young, the text of which are set out in Appendix I to this prospectus;
- c) the audited financial statements of the companies now comprising our Group for the two years ended 31 December 2010;
- d) the letter received from Ernst & Young on unaudited pro forma financial information, the texts of which is set out in Appendix II to this prospectus;
- e) the letters relating to the profit forecast, the texts of which are set out in Appendix III to this prospectus;
- f) the letter, summary of values and valuation certificates relating to the property interests of our Group prepared by Norton Appraisals Limited, the texts of which are set out in Appendix IV to this prospectus;
- g) the material contracts referred to in the paragraph headed “Appendix VI — Statutory and General Information — C. Further Information about our business — Summary of the Material Contracts” in this prospectus;
- h) the service contracts with Directors, referred to in the paragraph headed “Appendix VI — Statutory and General Information — Further Information about the Directors — Directors’ service contracts” in this prospectus;
- i) the written consents referred to in the paragraph headed “Appendix VI — Statutory and General Information — G. Other Information — Consents of experts” in this prospectus;
- j) the legal opinions prepared by Commerce & Finance Law Offices, our legal adviser as to the PRC law, in respect of certain aspects of our Group and our property interests;
- k) the letter prepared by Walkers summarising certain aspects of the Cayman Islands company law referred to in Appendix V to this prospectus;
- l) the Cayman Islands Companies Law; and
- m) a statement of particulars of the Selling Shareholders.



中國服飾控股有限公司
CHINA OUTFITTERS HOLDINGS LIMITED